



**MED**  
**Power Board**  
**MED Power Board**  
**November 20, 2019, 9:30 am - 11:30 am**  
**City Council Chambers**

**MINUTES and DOCUMENTS**

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# **MINUTES**

## **MED**

### **Power Board**

#### **MED Power Board**

**Wednesday, November 20, 2019, 9:30 am - 11:30 am**

#### **City Council Chambers**

- A. Call To Order
- B. Regular Business
  - 1. Minutes
- C. Informational
  - 1. Dempsey Vantrease & Follis PLLC - Mark Follis, Amanda Cromwell
  - 2. TVA Annual Report
  - 3. Financials - October 2019
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  - 5. Uncollectable Accounts
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  - 8. Fuel Cost Adjustment
- D. Reports
  - 1. General Manager Report
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  - 4. Fiber Optics Strategic Report
- E. Action Items
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- F. Other
  - 1. Next Power Board Meeting - December 18, 2019

# **REGULAR MEETING OF THE BOARD OF MURFREESBORO ELECTRIC DEPARTMENT**

**October 23, 2019**

The Board of Murfreesboro Electric Department (MED) met in regular session at 9:30 a.m., Wednesday, October 23, 2019, in the City Council Chambers at 111 West Vine Street, Murfreesboro, Tennessee.

Members Present: Rick Hardesty, Chair  
Irene Pitts-McDonald, Vice-Chair  
Richard Stone  
Ross Bradley  
Rick LaLance

Also, present were P.D. Mynatt, General Manager; Lori Williams, Secretary-Treasurer; Darren Gore, Utilities Director; and Adam Tucker, City Attorney.

Other MED staff members present were Philip Lim, Gena Dix, Daphnea Anderson, John Florida, Ryan Horony, Brandon Allen, Daniel Burks, and Chris Barns. Also, present was Ronnie Martin.

Mr. Hardesty called the meeting to order.

Mr. Mynatt introduced Ryan Horony who has been hired as IT Technician / Administrator.

Mr. Bradley made a MOTION to approve the minutes of the regular meeting held September 25, 2019. Mr. Stone SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Mr. Bradley made a MOTION to approve the minutes of the special session held on October 3, 2019. Ms. Pitts-McDonald SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Ms. Williams presented information on September 2019-2018 financial reports. A list of September 2019 disbursements totaling \$13,670,935.09 and a list of uncollectible accounts for September 2019 in the amount of \$15,024.84 were presented for review. Additional information showing uncollectable accounts and payments on uncollectable accounts for September 2019 was presented.

In Safety and Loss Control Activities, Mr. Mynatt reported there have not been any safety and loss accidents for 2019.

Mr. Mynatt reported September 2019 material purchases under \$25,000 of \$207,695.10, purchases between \$25,000 and \$50,000 of \$95,728.94, and transformers purchased under the TVA contract of \$21,290.00.

Mr. Mynatt also reported the November 2019 total monthly fuel cost will be 1.758 cents per kilowatt-hour for standard service customers, 1.654 cents per kilowatt-hour for large manufacturing customers, and 1.697 cents per kilowatt-hour for large general service customers. The overall system average fuel rate for November is approximately 12% lower than the three-year average November FCA primarily due to more nuclear availability compared to the average three-year plan.

In the General Manager's Report, Mr. Mynatt reported that MED received a 99 out of 100 on our TVA Rate and Credit Review. In this process, TVA reviews billing processes and application of Service Policy Standards along with the reports being submitted in a timely manner. The one-point deduction was for the extra auditor's report not being submitted by October 1<sup>st</sup>.

Mr. Mynatt reported that an outage has been scheduled for the Embassy Suites and businesses in The Avenue on November 11 at midnight. This outage is to replace switchgear that is rusting.

Mr. Mynatt reported that MED hosted two energy efficiency DIY workshops where twenty-three customers attended.

Mr. Mynatt reported that TVA has partnered with Nissan to offer rebates on the purchase of a Nissan leaf available until January 2, 2020. The information regarding the rebates can be found at [www.tva.com/EV](http://www.tva.com/EV).

Mr. Mynatt reported that TVA will be recognizing MTSU as part of their commitment to achieve lower carbon dioxide emissions. MTSU won the award for Most Improved Carbon Reduction Award for their work to lower their emissions.

Mr. Mynatt reported that MED will be participating in the Annual Trick or Treat Around the Square on October 31 from 3:00-6:00 p.m.

Ms. Dix reported three additional employees have been added to the MED staff since the last meeting. Ryan Horony as IT Technician / Administrator, Melissa Barco Chavez, and Nathan Donehue as Engineering Technician.

Mr. Lim presented the list of City Projects. There were no new projects added this month. Mr. Lim reported that staff had received authorization to install the streetlights on Dejarnette Lane. Also, approximately 200 streetlights have been replaced with LED lights on Medical Center Parkway. The City has agreed to trim the trees along Medical Center.

On the Fiber Committee, Mr. Barns reported there are 33 active projects with total project costs of \$446,321.74. There are 25 buildings that are complete. There are seven buildings that have not been started which would be about four miles of extensions. It is estimated that the project is about 75% complete with an estimated additional cost of \$150,000.00. The City is in the process of negotiations with Comcast so this fiber may be used to have redundancy for future use. The project should be completed to dead head to the buildings. The City will not be ordering the equipment at this time.

Mr. Mynatt made a recommendation to purchase a 55' bucket truck installed on an International Chassis for a purchase price of \$236,555.00 from ALTEC Industries, Inc. This unit was quoted through NJPA (Sourcewell) Cooperative Purchasing Program. Mr. Stone made a MOTION to approve the purchase price of \$236,555.00 for a 55' bucket truck installed on an International Chassis. Mr. LaLance SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Mr. Mynatt presented a recommendation to approve awarding longevity pay of \$70.00 for each year of service for employees with five or more years of service. Mr. LaLance made a MOTION to approve awarding longevity pay of \$75.00 for each year of service for employees with five or more years of service. Mr. Stone SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Mr. Mynatt made a recommendation to approve awarding \$50.00 gift cards during the holiday season to show appreciation to all employees. Mr. Bradley made a MOTION to approve the purchase of \$50.00 gift cards for all employees.

Ms. Pitts-McDonald SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Mr. LaLance made a MOTION to adjourn the meeting. Mr. Bradley SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Chair

Approved\_\_\_\_\_

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Murfreesboro Electric Department  
Murfreesboro, Tennessee**

**For the Years Ended June 30, 2019 and 2018**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following Management Discussion and Analysis (MD&A) of the Murfreesboro Electric Department (MED) activities and financial performance provides the reader with an introduction and overview to the financial statements for the year ended June 30, 2019 and 2018. This information should be considered within the context of the accompanying financial statements and note disclosures.

### **FINANCIAL OPERATIONS HIGHLIGHTS**

- MED's net position increased by \$4.7 million and \$9 million for the years 2019 and 2018, respectively.
- Revenue for the year 2019 was \$177 million compared to \$174 million for the year 2018.
- Expenses for the year 2019 were \$173 million compared to \$165 million for the year 2018.
- MED issued no new debt in 2019 or 2018 and retired \$1,115,000 and \$1,069,000 in principal during 2019 and 2018 respectively.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Three required financial statements are included in this report – Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. The Department's financial statements are prepared on the accrual basis of accounting.

The Statement of Net Position includes all assets and liabilities of the Department, with the difference being reported as net position. The asset section of the statement reflects the investments and resources the Department possesses while the liability section recognizes the obligations the Department has to creditors. Over time increases or decreases in net position provides an indication of whether the financial position of MED is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports all revenues and expenses for the year, regardless of whether cash has been received or paid. This statement measures the success of operations over the past year and can be used to determine whether MED has successfully recovered its costs on an annual basis.

The Statement of Cash Flows summarizes cash receipts and cash payments and net changes in cash position resulting from operating, financing, and investing activities. This statement provides information on sources of cash, cash outlay, and the change in cash balance during the reporting period.

In addition to these statements, the Notes to the Financial Statements are also essential to a full understanding of the financial well-being of the Department. The notes are intended to explain the major accounting practices of the Department so the reader can better understand the data in the statements.

## CONDENSED FINANCIAL INFORMATION

Summary information regarding MED's financial position is as follows:

### Statements of Net Position

	June 30, 2019	June 30, 2018	June 30, 2017
Current and other assets	\$ 72,341,817	\$ 90,280,871	\$ 90,550,091
Capital assets	154,689,499	153,465,570	141,785,990
Total assets	<u>227,031,316</u>	<u>243,746,441</u>	<u>232,336,081</u>
Deferred Outflows of Resources	<u>2,157,891</u>	<u>1,249,861</u>	<u>1,105,211</u>
Current and other liabilities	20,218,845	39,676,021	36,432,108
Long term liabilities	20,697,616	21,160,615	21,497,974
Total liabilities	<u>40,916,461</u>	<u>60,836,636</u>	<u>57,930,082</u>
Deferred Inflows of Resources	<u>533,054</u>	<u>1,125,881</u>	<u>1,718,711</u>
Net investment in capital assets	149,929,709	147,458,789	134,535,259
Restricted for pensions	3,595,064	4,436,753	4,092,330
Unrestricted	34,214,919	31,138,243	35,164,910
Total net position	<u>\$ 187,739,692</u>	<u>\$ 183,033,785</u>	<u>\$ 173,792,499</u>

The statement of net position shows an increase of \$4.7 million or 2% in total assets for the year 2019 and an \$9 million or 4% increase in total assets for the year 2018. The increase is due primarily to an increase in capital assets of \$1.2 million offset by a decrease in cash of \$16.6 million and a decrease in current liabilities of \$19.8 million in 2019 due primarily to the Department prepaying TVA in 2019 for power usage.

Summary information regarding MED's operations is as follows:

### Statements of Revenues, Expenses and Changes in Net Fund Position

	June 30, 2019	June 30, 2018	June 30, 2017
Operating revenues	\$ 177,182,481	\$ 174,059,044	\$169,127,855
Non operating revenue	806,789	124,658	441,748
	<u>177,989,270</u>	<u>174,183,702</u>	<u>169,569,603</u>
Purchased power	143,945,325	140,599,719	137,848,002
Operation and maintenance of plant	5,641,131	5,022,114	4,684,908
Administration and general expense	5,364,489	4,668,818	4,129,972
Customer and sales expense	2,591,691	2,490,794	2,416,474
Depreciation and amortization	8,137,692	7,553,530	7,109,484
Property taxes and tax equivalent expense	1,301,787	1,329,386	1,292,653
Transfers to city	3,010,519	3,147,660	3,124,547
Non operating expenses	3,290,729	130,395	127,376
	<u>173,283,363</u>	<u>164,942,416</u>	<u>160,733,416</u>
Net earnings	4,705,907	9,241,286	8,836,187
Net position, beginning of year	183,033,785	173,792,499	164,956,312
Net position, end of year	<u>\$ 187,739,692</u>	<u>\$ 183,033,785</u>	<u>\$ 173,792,499</u>

The statement of revenues, expenses, and changes in net position indicate that operating revenue increased \$3.1 million during the fiscal year 2019 and \$4.9 million in 2018, respectively, largely due to increased power usage due to continued population growth in the service area.

The increase in purchased power for 2019 compared to 2018 is largely due to increases in sales from continued population growth in the service area.

In general, operating expenses are very comparable over the three year period. Slight increases have been occurring as expected with increased infrastructure assets and customers as a result of the continued population growth in the service area.

During fiscal year 2019, electric sales were \$177 million compared to \$174 million in 2018. Megawatt hours sold increased from 1.822 million in fiscal year 2019 from 1.791 million in fiscal year 2018. Total number of electric customers at June 30, 2019 was 66,589 compared to 64,387 at June 30, 2018, an increase of 2,202 customers or 3.43%. Customer growth is expected to increase around 3-4 percent next year.

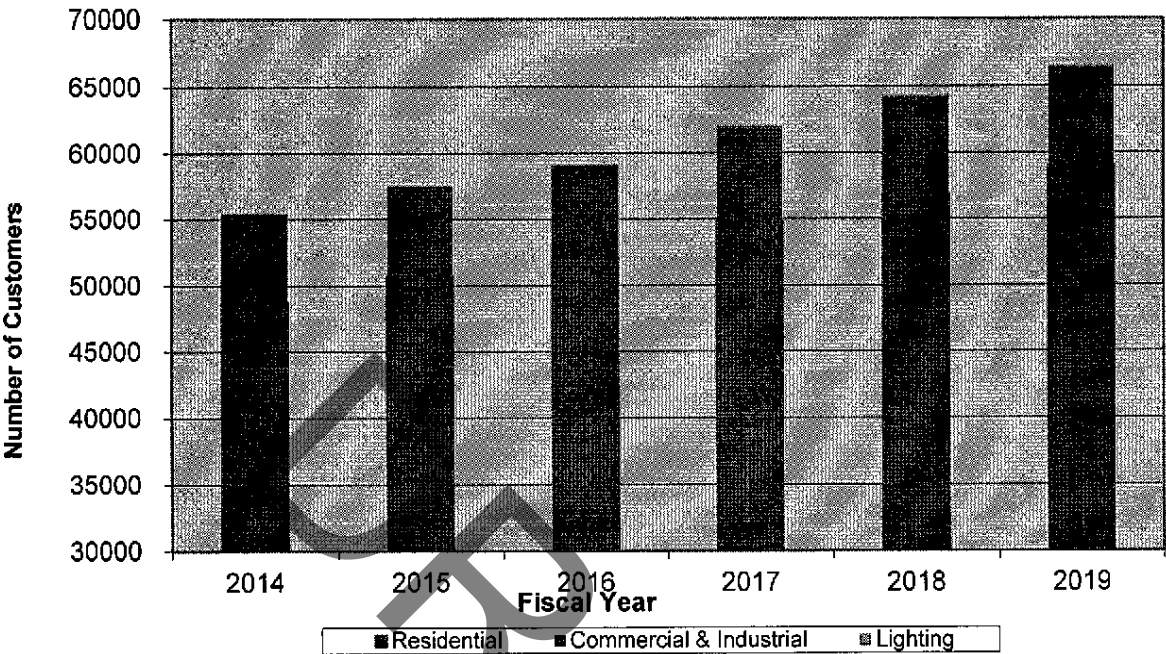
Summary information regarding MED's cash flows is as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cash flows from operating activities	\$ (234,920)	\$ 20,747,410	\$ 20,487,089
Cash flows from non-capital financing activities	(3,121,126)	(3,259,504)	(2,758,435)
Cash flows from capital and related financing activities	(14,075,726)	(19,521,312)	(11,517,555)
Cash flows from investing activities	<u>806,789</u>	<u>124,658</u>	<u>117,679</u>
Net increase (decrease) in cash	(16,624,983)	(1,908,748)	6,328,778
Cash and cash equivalents at beginning of year	<u>62,668,457</u>	<u>64,577,205</u>	<u>58,248,427</u>
Cash and cash equivalents at end of year	<u>\$ 46,043,474</u>	<u>\$ 62,668,457</u>	<u>\$ 64,577,205</u>

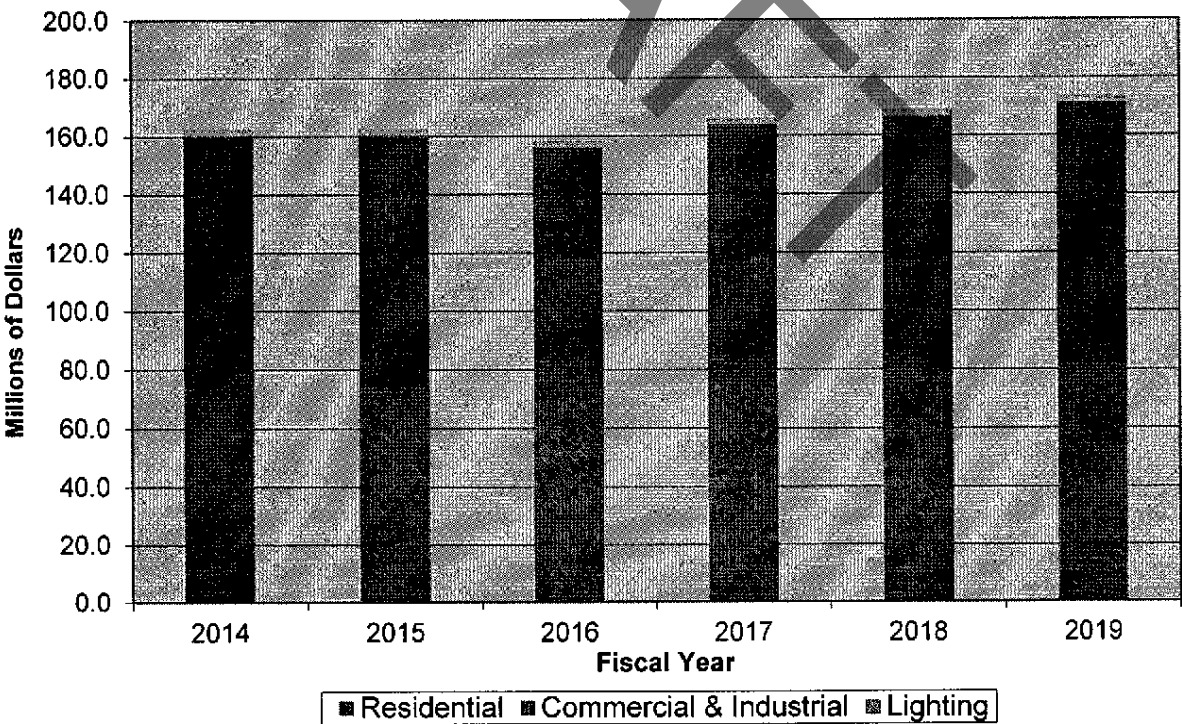
The statement of cash flows indicates a net decrease of \$16.6 million in cash during the fiscal year 2019 and a net decrease of \$1.9 million in cash during fiscal year 2018. The decrease in cash flows from 2019 to 2018 is due primarily to the Department prepaying the TVA power purchasing bill. The decrease in cash flows from 2017 to 2018 is primarily due to increased capital additions in 2018. Cash flows from capital and related financing activities include additions to plant of \$1.7 million in 2019 and \$17.7million in 2018, disposal of utility plant for a loss of \$3.6 million, and principal payment on bond indebtedness of \$1,115,000 and \$1,069,000 in 2019 and 2018, respectively. Cash flows from non-capital financing activities in 2018 and 2017 include a transfer to the City of \$3.1 million for tax equivalent payments.

Historical trend information regarding sales, number of customers, and electric hours sold is as follows:

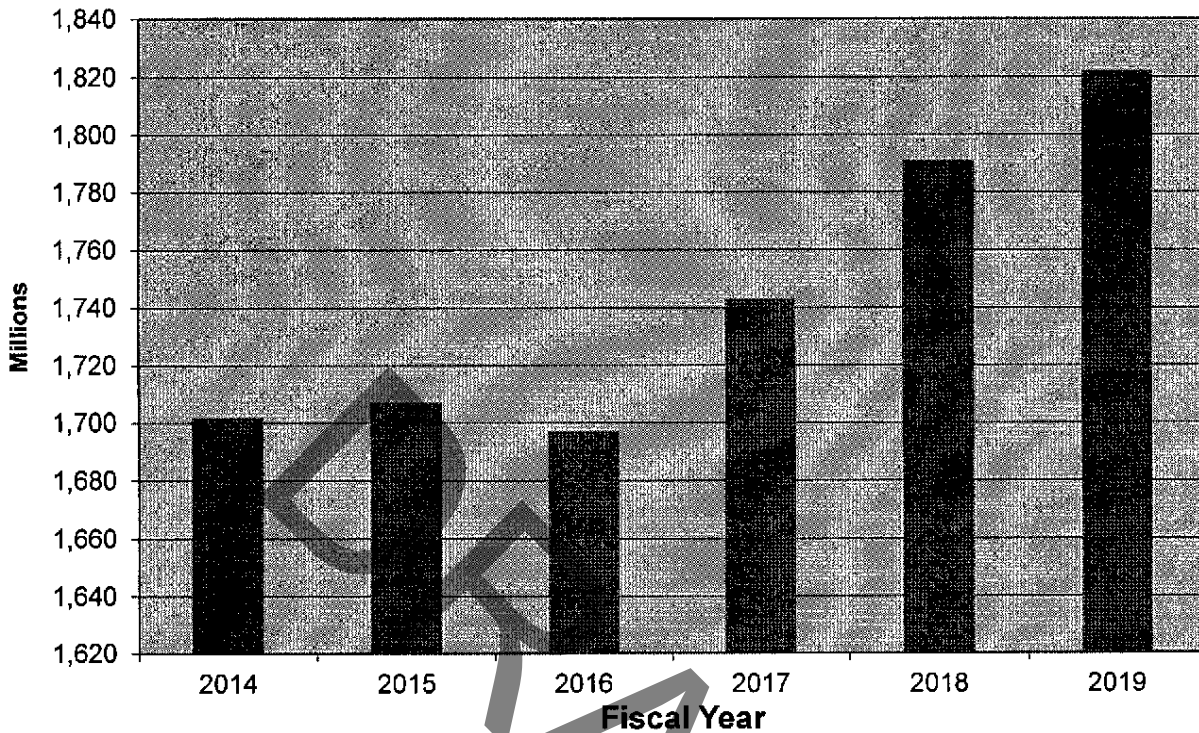
**Electric Customers**



**Electric Sales**



## Kilowatt Hours Sold



## CAPITAL IMPROVEMENTS AND DEBT ADMINISTRATION

As part of MED's ongoing plan to improve services and the reliability of its electric distribution system, MED made the following major additions for the year:

Station Equipment and Land	\$1,999,487
Distribution System Expansion and Improvements	\$5,019,434
Line Transformers and Meters	\$7,385,336
Transportation Equipment	\$ 594,423
Street Lighting	\$1,159,618
Communication and Other Equipment	\$ 160,807

MED has outstanding long term debt in the amount of \$4.167 million and \$5.282 million at June 30, 2019 and 2018, respectively. The Electric System Revenue and Tax Refunding Bonds, Series 2009 has outstanding principal in the amount of \$750,000 and \$1.110 million at June 30, 2019 and 2018, respectively, with bonds maturing at various dates through 2021 and bearing interest at fixed rates ranging from 2% to 3.375%. MED also has a Tennessee Municipal Bond Fund Adjustable rate loan with outstanding principal in the amount of \$3.417 and \$4.172 million at June 30, 2019 and 2018, respectively, with principal maturing at various dates through 2023.

## **ECONOMIC CONDITIONS AND NEXT YEAR RATES**

Murfreesboro and Rutherford County continue to rank high nationally in growth of population, jobs, and home sales. In addition to attracting new commercial and industrial customers, MED's current customer base has been expanding. General Mills has closed some of its plants and has consolidated its entire yogurt production to the Murfreesboro facility. Middle Tennessee State University has expanded and updated its campus. Both customers have increased their power contract demand levels. In partnership with TVA, MED has executed economic development incentive packages with General Mills, M-Tek, Cosmolab Inc., Amazon, Wei-Chuan USA Inc., The Kroger Company, and other smaller manufacturing customers. Additional incentive packages are under active consideration.

MED does not anticipate a local rate increase next year. However, TVA has announced a 1.5% rate increase for its fiscal year 2019 effective October 1, 2018 which MED will pass through to its customers.

TVA is driving towards sending price signals to match cost of usage with cost of generation. TVA's future rate design strategic direction is towards proper integration of renewable generation and demand-response resources. Expect rate restructure in October 2019 to better align fixed cost recovery to bring demand and energy closer to costs.

As reported in prior years the Total Monthly Fuel Cost Adjustment provides some degree of uncertainty in the total rates consumer pay for electricity. This rate component covers TVA's actual out-of-pocket costs for fuel with no margin for either TVA or MED. Monthly forecasts for fiscal year 2019 are projected from 1.656 cents per kilowatt-hour to 1.892 cents per kilowatt-hour.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management  
Murfreesboro Electric Department  
Murfreesboro, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of Murfreesboro Electric Department, an enterprise fund of the City of Murfreesboro, Tennessee, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, as listed in the table of contents.

### Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Murfreesboro Electric Department, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note A, the financial statements present only the Murfreesboro Electric Department and do not purport to, and do not present fairly the financial position of the City of Murfreesboro, Tennessee as of June 30, 2019 and 2018, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 and the schedules of funding progress, changes in the net pension asset and related ratios, and Department contributions, presented on pages 29-32 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated TBD on our consideration of the Murfreesboro Electric Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Murfreesboro Electric Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murfreesboro Electric Department's internal control over financial reporting and compliance.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**STATEMENTS OF NET POSITION**

	June 30,	
	2019	2018
<b>ASSETS</b>		
Utility Plant		
Electric plant in service		
Distribution plant	\$ 214,278,052	\$ 203,983,367
General plant	10,055,448	9,806,637
	<u>224,333,500</u>	<u>213,790,004</u>
Less: accumulated depreciation	(71,990,539)	(67,014,490)
	<u>152,342,961</u>	<u>146,775,514</u>
Construction work in progress	1,461,955	5,606,564
Unamortized plant acquisition adjustment	884,583	1,083,492
	<u>154,689,499</u>	<u>153,465,570</u>
Current Assets		
Cash and cash equivalents (including \$43,324,713 and \$677,576 as of June 30, 2019 and 2018, respectively, in interest bearing accounts)	46,043,474	62,668,457
Accounts receivable, including accrued unbilled revenue of \$4,091,835 and \$4,409,573 as of June 30, 2019 and 2018, respectively.	18,275,798	18,581,386
Material and supply inventories	2,311,121	2,380,935
Other current assets	260,081	240,612
	<u>66,890,474</u>	<u>83,871,390</u>
Other Assets		
Receivables from customers on TVA sponsored conservation loans	1,811,218	1,925,151
Net pension asset	3,595,064	4,436,753
Other non-current assets	45,061	47,577
	<u>5,451,343</u>	<u>6,409,481</u>
 Total Assets	 <u>\$ 227,031,316</u>	 <u>\$ 243,746,441</u>
Deferred Outflow of Resources:		
Deferred pension costs	\$ 2,143,979	\$ 1,228,689
Deferred bond refunding	13,912	21,172
Total Deferred Outflow of Resources	<u>\$ 2,157,891</u>	<u>\$ 1,249,861</u>

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**STATEMENTS OF NET POSITION**  
**(Continued)**

	June 30,	
	2019	2018
<b>LIABILITIES AND NET POSITION</b>		
<b>Long-term Debt</b>		
Electric system revenue bonds, less current maturities	\$ 3,004,000	\$ 4,167,000
Premium on long-term debt	23,000	35,000
	<u>3,027,000</u>	<u>4,202,000</u>
Compensated absences	1,510,640	1,597,882
Postemployment benefit obligation	14,273,557	13,363,707
Advances from TVA on conservation loans	1,886,419	1,997,026
	<u>20,697,616</u>	<u>21,160,615</u>
<b>Current Liabilities</b>		
Trade accounts payable and TVA power bill due	7,985,881	27,405,764
Current maturities of long-term debt	1,163,000	1,115,000
Customer deposits	10,275,291	9,893,770
Accrued salaries and wages	174,623	164,181
Sales tax payable	-	348,972
Accrued rents	34,277	34,373
Accrued interest	2,071	3,008
	<u>19,635,143</u>	<u>38,965,068</u>
Plant Acquisitions Payable	583,702	710,953
Total Liabilities	<u>40,916,461</u>	<u>60,836,636</u>
<b>Deferred Inflow of Resources -</b>		
Net deferred inflow related to pension	<u>533,054</u>	<u>1,125,881</u>
<b>Net Position</b>		
Net investment in capital assets	149,929,709	147,458,789
Restricted for pensions	3,595,064	4,436,753
Unrestricted	<u>34,214,919</u>	<u>31,138,243</u>
Total Net Position	<u>\$ 187,739,692</u>	<u>\$ 183,033,785</u>

See notes to the financial statements.

**MURFREESBORO ELECTRIC DEPARTMENT**  
**Murfreesboro, Tennessee**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION**

	For the Years Ended June 30,	
	2019	2018
Operating revenues	\$ 177,182,481	\$ 174,059,044
Operating expenses		
Power purchased	143,945,325	140,599,719
Operating expenses	2,857,519	2,635,555
Maintenance expenses	2,783,612	2,386,559
Customer account expenses	2,306,571	2,222,164
Sales expense	285,120	268,630
Administrative and general expenses	5,364,489	4,668,818
Depreciation expense	7,912,766	7,306,481
Amortization of plant acquisition adjustment	224,926	247,049
Taxes and tax equivalent expense	1,301,787	1,329,386
	<u>166,982,115</u>	<u>161,664,361</u>
Net earnings from operations	<u>10,200,366</u>	<u>12,394,683</u>
Other income		
Interest earned	<u>806,789</u>	<u>124,658</u>
Other expenses		
Loss on disposal of utility plant	(3,167,268)	-
Interest expense on bonded indebtedness	(122,903)	(129,872)
Other interest expense	(558)	(523)
	<u>(3,290,729)</u>	<u>(130,395)</u>
Net earnings before transfers to other funds	<u>7,716,426</u>	<u>12,388,946</u>
Transfers to other funds	<u>(3,010,519)</u>	<u>(3,147,660)</u>
Increase in net position	<u>4,705,907</u>	<u>9,241,286</u>
Net position, July 1, 2018 and 2017, respectively	<u>183,033,785</u>	<u>173,792,499</u>
Net position, June 30, 2019 and 2018, respectively	<u>\$ 187,739,692</u>	<u>\$ 183,033,785</u>

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**STATEMENTS OF CASH FLOWS**

	For the Years Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Cash received from customers	\$ 177,983,523	\$ 172,680,934
Cash paid to TVA for power	(162,131,886)	(138,544,656)
Cash payments to suppliers for goods and services	(6,542,481)	(4,127,376)
Cash payments to employees for services	(8,670,055)	(8,347,655)
Cash payments of property taxes	(874,021)	(913,837)
Net cash provided by operating activities	(234,920)	20,747,410
Cash flows from non-capital financing activities:		
Advances on TVA conservation loans	(110,607)	(111,844)
Transfers to other funds	(3,010,519)	(3,147,660)
Net cash used by non-capital financing activities	(3,121,126)	(3,259,504)
Cash flows from capital and related financing activities:		
Additions to plant	(12,193,630)	(17,756,339)
Retirements of plant, net	(515,446)	(394,494)
Payments on utility acquisition debt	(127,252)	(170,209)
Principal payment on bond indebtedness	(1,115,000)	(1,069,000)
Interest paid	(124,398)	(131,270)
Net cash used by capital and related financing activities	(14,075,726)	(19,521,312)
Cash flows from investing activities-		
interest received	806,789	124,658
Net decrease in cash and cash equivalents	(16,624,983)	(1,908,748)
Cash and cash equivalents, beginning of year	62,668,457	64,577,205
Cash and cash equivalents, end of year	<u>\$ 46,043,474</u>	<u>\$ 62,668,457</u>

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**STATEMENTS OF CASH FLOWS (Continued)**

	For the Years Ended June 30,	
	2019	2018
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Cash flows from operating activities		
Net earnings from operations	\$ 10,200,366	\$ 12,394,683
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation	8,100,214	7,463,028
Amortization of bond premium	(12,000)	(12,000)
Amortization of plant acquisition adjustment	224,926	247,048
Pension benefit	(666,428)	(1,089,162)
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	305,588	(1,930,770)
(Increase) decrease in material and supply inventories	69,814	(273,910)
(Increase) decrease in other current assets	(19,469)	771,317
Decrease in receivables from customers on TVA sponsored conservation loans	113,933	132,702
Decrease in other non-current assets	2,516	5,556
(Decrease) increase in accrued compensated absences	(87,242)	33,838
Increase in post-retirement benefit obligation	909,850	867,647
(Decrease) increase in trade accounts payable	(19,419,883)	1,688,756
Increase in customer deposits	381,521	419,958
Increase in accrued salaries and wages	10,442	17,033
Increase (decrease) in sales tax payable	(348,972)	10,109
Increase (decrease) in accrued rents	(96)	1,577
Net cash provided (used) by operating activities	\$ (234,920)	\$ 20,747,410

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

A summary of the Department's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Reporting Entity

The Murfreesboro Electric Department (the "Department") is considered an enterprise fund of the City of Murfreesboro and its financial statements are included in the general purpose financial statements of the City of Murfreesboro.

Method of Accounting

The Department uses the accrual method of accounting in which revenue is recognized as earned and expenses are recognized as incurred. The Department's accounts are maintained, as required, in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Department. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions.

Recently Adopted Accounting Standard

In March 2018, the Governmental Accounting Standards Board ("GASB") issued GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"). GASB 88 was issued to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowing and direct placements. The new standard clarifies which liabilities governments should include when disclosing information related to debt. The Department adopted GASB 88 on July 1, 2018 which had no effect on net position.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Department considers cash on hand and demand deposits and those investments which are a part of its short-term (less than three months) cash management activities to be cash equivalents.

Accounts receivable

Accounts receivable primarily consist of amounts due from the customers of the Department which under normal terms require payment within 30 days from the billing date with invoice dates over 30 days are considered past due accounts. The Department charges a late payment fee and charges interest on past due accounts. An allowance for uncollectible accounts receivable balances is estimated and recorded based on the Department's historical bad debt experience and management's judgment. As of June 30, 2019 and 2018 the Department has determined an allowance for doubtful accounts is not necessary.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

Material and Supply Inventories

Inventories are stated at average cost.

Utility Plant

The cost of additions to utility plant and the cost of renewals and betterments are capitalized. These costs include materials and supplies acquired by the Department, direct labor incurred by the Department, and other indirect items such as engineering, supervision, payroll taxes, employee benefits, and transportation costs. The cost of interest on constructed assets is normally expensed due to the short duration of the construction period. The cost of repairs and maintenance is charged to operations.

The Department provides for depreciation by use of the straight-line method. Rates assigned to utility plant are intended to distribute the cost of the depreciable property over their estimated useful lives ranging from five to forty years. Depreciation applicable to transportation equipment is charged to a transportation clearing account. Total charges to the transportation clearing account are distributed to utility plant construction in progress and operating deductions based on the utilization of the equipment. Retirements together with removal costs, less salvage value, are charged to accumulated depreciation based upon average unit cost.

Utility plant acquisition adjustments representing lost revenue to the company or cooperative from which the utility plant has been acquired are amortized over a 10 year period on the straight-line method.

Compensated Absences

The Department's policy allows employees to accumulate unused sick and vacation leave. Unused sick leave may be paid to an employee upon termination if the employee has reached age 55 and has 10 years of service. Accumulated sick leave up to a maximum of 2,000 hours will be paid for at a rate of 100% at retirement.

Revenue and expense recognition of power costs and sales

The Department power cost is billed by the Tennessee Valley Authority ("TVA") through the end of the month. The Department accrues unbilled revenue through the end of the month based on meter readings through month end.

Transfers to Other Funds

The Department is required to make tax equivalents payments to the City of Murfreesboro. Such payments are made on a monthly basis.

Power Contract

The Department purchases all its power from the TVA under a power contract which requires a five year notice prior to termination.

Defined Benefit Pension Plan

For purposes of measuring the net pension asset for the defined benefit pension plan ("pension plan"), deferred outflows of resources and deferred inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Department's pension plan and additions to/deductions from the



MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

Defined Benefit Pension Plan (continued)

Department's fiduciary net positions have been determined on the same basis as they are reported by the Department. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

Deferred outflows/inflows of resources

Deferred outflows of resources is a consumption of net assets that is applicable to a future reporting period, and deferred inflows of resources is an acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets, and deferred inflows of resources have a negative effect on net position, similar to liabilities. At June 30, 2019 and 2018, the Department had deferred outflows of resources related to bond refunding in the amounts of \$13,912 and \$21,172, respectively, and pension costs in the amounts of \$2,143,979 and \$1,228,689, respectively. At June 30, 2019 and 2018, respectively, the Department had \$533,054 and \$1,125,881, respectively, in deferred inflows of resources related to the deferred pension actuarial gain. See Note F for additional information about deferred inflows and outflows of resources related to the pension plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - PUBLIC FUNDS INSURED BY FINANCIAL INSTITUTIONS**

The Department's cash funds are fully insured by the financial institution's participation in the State of Tennessee collateral pool. State statutes authorize the Department to invest operating funds in U.S. Treasury Bonds or Notes, certificates of deposits or money market accounts at Tennessee chartered banks, repurchase agreements back by U.S. obligations, and the state pooled investment fund.

**MURFREESBORO ELECTRIC DEPARTMENT**  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE C- CAPITAL ASSETS**

A summary of changes in capital assets for the year ending June 30, 2019 is as follows:

	CAPITAL ASSETS, NOT DEPRECIATED			CAPITAL ASSETS, DEPRECIATED			
	Land	Const. in Process	Substations	Poles, Lines, Trans., Meters	Buildings and Improvements	Other general equip, vehicles	Total
Balance, June 30, 2018	\$ 1,867,015	\$ 5,606,564	\$ 57,055,847	\$ 145,555,350	\$ 3,054,913	\$ 6,256,878	\$ 219,398,567
Additions	-	-	1,898,066	13,564,389	101,421	755,229	16,319,105
Retirements	-	(4,144,609)	(230,287)	(4,937,483)	(136,235)	(471,605)	(9,920,219)
Balance, June 30, 2019	1,867,015	1,461,955	58,723,626	154,182,256	3,020,099	6,540,502	225,795,453

<b>Accumulated Depreciation</b>							
Balance, June 30, 2018	-	-	20,225,592	41,420,049	2,057,855	3,310,993	67,014,489
Additions	-	-	2,265,961	5,382,064	92,059	360,130	8,100,214
Retirements	-	-	(245,702)	(2,306,574)	(138,504)	(433,386)	(3,124,166)
Balance, June 30, 2019	-	-	22,245,851	44,495,539	2,011,410	3,237,737	71,990,537
Net Assets	\$ 1,867,015	\$ 1,461,955	\$ 36,477,775	\$ 109,686,717	\$ 1,008,689	\$ 3,302,765	\$ 153,804,916

**Unamortized plant acquisition adjustment**

	30-Jun-18	Additions	30-Jun-19
Original cost	\$ 3,938,320	\$ 26,017	\$ 3,964,337
Accumulated amortization	2,854,828	224,926	3,079,754
Net unamortized acquisition adjustment	\$ 1,083,492		\$ 884,583
Total net plant			\$ 154,689,499

A summary of changes in capital assets for the year ending June 30, 2018 is as follows:

	CAPITAL ASSETS, NOT DEPRECIATED			CAPITAL ASSETS, DEPRECIATED			
	Land	Const. in Process	Substations	Poles, Lines, Trans., Meters	Buildings and Improvements	Other general equip, vehicles	Total
Balance, June 30, 2017	\$ 1,866,849	\$ 7,844,066	\$ 49,936,596	\$ 137,296,533	\$ 3,050,315	\$ 5,608,272	\$ 205,602,631
Additions	166	-	7,121,023	12,844,027	4,598	1,262,850	21,232,664
Retirements	-	(2,237,502)	(1,772)	(4,585,210)	-	(614,244)	(7,438,728)
Balance, June 30, 2018	1,867,015	5,606,564	57,055,847	145,555,350	3,054,913	6,256,878	219,398,567

<b>Accumulated Depreciation</b>							
Balance, June 30, 2017	-	-	18,227,392	41,414,154	1,960,856	3,544,779	65,147,181
Additions	-	-	1,999,972	5,056,229	91,625	315,202	7,463,028
Retirements	-	-	(1,772)	(5,050,334)	5,374	(548,988)	(5,595,720)
Balance, June 30, 2018	-	-	20,225,592	41,420,049	2,057,855	3,310,993	67,014,489
Net Assets	\$ 1,867,015	\$ 5,606,564	\$ 36,830,255	\$ 104,135,301	\$ 997,058	\$ 2,945,885	\$ 152,382,078

**Unamortized plant acquisition adjustment**

	30-Jun-17	Additions	30-Jun-18
Original cost	\$ 3,938,320	\$ -	\$ 3,938,320
Accumulated amortization	2,607,780	247,048	2,854,828
Net unamortized acquisition adjustment	\$ 1,330,540		\$ 1,083,492
Total net plant			\$ 153,465,570

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE D – LONG TERM DEBT**

Long term debt consists of the following as of June 30, 2019 and 2018:

	June 30,	
	2019	2018
Tennessee Municipal bond fund, dated December 27, 2007, (original amount \$10,000,000), adjustable rate revenue bonds, maturity date of May 25, 2023.	\$ 3,417,000	\$ 4,172,000
City of Murfreesboro General Obligation Refunding Bonds, dated September 22, 2009, (original amount \$15,445,000), adjustable rate revenue bonds, with maturity dates ranging from 2020 - 2021 and interest rates ranging from 2% to 3.375%.	750,000	1,110,000
	4,167,000	5,282,000
Less current maturities of long-term debt	(1,163,000)	(1,115,000)
	<u>\$ 3,004,000</u>	<u>\$ 4,167,000</u>

The Department has obtained loan proceeds in prior years through loan agreements between the City of Murfreesboro and the Tennessee Municipal Bond Fund. The loans were payable annually over a 10 year period. Interest was paid monthly based upon variable rates. During the year ending June 30, 2011, the Department obtained additional loan proceeds through the Tennessee Municipal Bond Fund. The loan is payable annually over a 15 year period with interest paid monthly based upon variable rates. At June 30, 2019 the rate was 2.02%. At June 30, 2018, the rate was less than 1.51%.

During the year ended June 30, 2010 the Department refinanced its prior 1999 series bonds and all but one of its Tennessee Municipal Bonds by issuing \$15,445,000 in revenue and tax refunding bonds in conjunction with the City of Murfreesboro with maturity dates the same dates as the original bonds ranging from 2016 through 2021 and bear interest at fixed rates ranging from 2.00% to 3.375%. This was done to reduce the risk of rising interest rates by converting most of its variable rate debt to fixed rates. The new bonds are secured by a pledge of net revenues from operations of the Department.

Maturities of the revenue bonds are as follows:

Year ended June 30, 2020	\$ 1,163,000
2021	1,212,000
2022	874,000
2023	918,000
	<u>\$ 4,167,000</u>

**MURFREESBORO ELECTRIC DEPARTMENT**  
**Murfreesboro, Tennessee**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE D – LONG TERM DEBT (CONTINUED)**

Changes in bonds payable and compensated absences are as follows:

	June 30, 2018	Issued	Retired	June 30, 2019
2007 TMBF Series	\$ 4,172,000	\$ -	\$ 755,000	\$ 3,417,000
2009 TMBF Series	\$ 1,110,000	\$ -	\$ 360,000	\$ 750,000
Compensated absences	\$ 1,597,882	\$ (87,242)	\$ -	\$ 1,510,640

Advances from TVA represent funds advanced to the Department to make TVA subsidized conservation loans. These funds are subject to repayment based upon collection on loans made to individuals for the installation of insulation and heat pumps. At June 30, 2019 and 2018, the Department has \$1,886,419 and \$1,997,026, respectively, in TVA subsidized conservation loans.

Debt service payments to maturity for the revenue bonds are as follows:

	TMBF 2007 Series		City of Murfreesboro 2009		Total Bonds and Interest
	Principal	Interest	Principal	Interest	
Year ended June 30, 2020	\$ 793,000	\$ 34,170	\$ 370,000	\$ 24,850	\$ 1,222,020
2021	832,000	26,240	380,000	12,826	1,251,066
2022	874,000	17,920	-	-	891,920
2023	918,000	9,180	-	-	927,180
2024	-	-	-	-	-
	<u>\$3,417,000</u>	<u>\$ 87,510</u>	<u>\$750,000</u>	<u>\$ 37,676</u>	<u>\$ 4,292,186</u>

**NOTE E – OTHER NON-CURRENT LIABILITIES**

Other noncurrent liabilities consists of \$583,702 and \$710,953 as of June 30, 2019 and 2018, respectively, payable for prior years plant purchases. The Department has periodically purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation. During the year ended June 30, 2019 and 2018 the Department did not make any plant purchases. The balance is payable annually in equal installments over a ten-year period. At June 30, 2019, the annual payment made on purchases totaled \$127,251.

**NOTE F – DEFINED BENEFIT PENSION PLAN**

*Plan Descriptions*

The Department contributes to a single-employer defined benefit pension plan. The pension plan covers all full-time employees upon the completion of one year of service and attainment of age 25. Upon retirement, the participant's monthly benefit, is determined based upon 2% of the highest five years of average monthly compensation multiplied by years of employment up to thirty years. The cost of the plan is borne solely by the employer.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE F – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**General Information about the Defined Benefit Pension Plan**

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing or calling the plan at Murfreesboro Electric Department, P.O. Box 9, Murfreesboro, TN 37133, (615)893-5514.

The pension plan provides retirement and death benefits. Retirement benefits for employees are calculated as 2 percent of the employee's average compensation times the employee's years of credited service. Average compensation refers to a participant's average rate of compensation for the 5 consecutive complete plan years of the last 10 years of employment which produces the highest average. Earnings during any year may not exceed the indexed maximum permissible. Years of credited service are limited to 30. A participant may retire on the first day of the month coincident with or next following attainment of age 55 and completion of 10 years of service.

In order to receive a pre-retirement death benefit, an employee must be married and have accrued at least 5 years of service under the defined benefit pension plan. In the event of pre-retirement death, the surviving spouse will receive a benefit computed as if the participant terminated service on the day immediately prior to death and elected a 50% joint and survivor annuity commencing on the earliest possible retirement age.

Employees hired after April 1, 2012 are not eligible to participate in the pension plan. For those employees the Department has established a new defined contribution plan. This plan requires those employees to contribute a minimum 4% of their gross pay and the Department will contribute another 6%. During 2018, the Department made contributions of \$169,575 to the defined contribution plan.

No changes were made to plan provisions and actuarial methods during 2019.

*Employees Covered by Pension Plan*

As of June 30, 2019, the following employees were covered by the benefit terms of the pension plan:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	15
Active employees	48
	<hr/>
	112

*Contributions*

The Board of Trustees establishes and may amend the contribution requirements of the Department. The contribution is based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Department adopted a funding policy as required by recent State of Tennessee legislation. The funding policy states that the Department will contribute at least the actuarially determined contribution as described in the funding policy. Employees are not allowed to contribute to the pension plan. For the year ended June 30, 2019 and 2018, the Department's annual contribution was \$1,100,000 and \$1,100,000, respectively.

**Net Pension Asset**

The Department's net pension asset was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019.

MURFREESBORO ELECTRIC DEPARTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE F – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Asset (Continued)**

*Actuarial Assumptions*

The total pension asset in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent per annum, compounded annually
Salary scale	4.00 percent per annum to normal retirement
Investment rate of return	7.00 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2019 valuation are selected by the Department.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity - Small Cap	32-65%	9.25%
Domestic Equity - Large Cap	32-65%	7.21%
Domestic Equity - Mid Cap	32-65%	9.25%
International Equity	0-18%	6.79%
International Equity - Emerging Markets	0-18%	10.11%
Fixed Income	35-45%	4.59%
Real Estate	1-10%	8.79%
Cash	1-10%	2.99%

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MURFREESBORO ELECTRIC DEPARTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE F – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Asset (Continued)**

*Discount Rate*

The discount rate used to measure the total pension asset is 7 percent. As an alternative to projecting the pension plan's net position based upon projected contributions, benefit payments and earnings, the annual recommended contribution is based on the Entry Age Normal Funding Method where the contribution is equal to the normal cost plus the 20-year closed amortization from July 1, 2005 of the unfunded liabilities. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension asset.

The table below summarizes the changes in the net pension asset as of June 30, 2019 and 2018:

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balances at June 30, 2017</b>	\$ 19,784,764	\$ 23,877,094	\$ (4,092,330)
Changes for the year:			
Service Cost	365,423	-	365,423
Interest	1,373,668	-	1,373,668
Differences between expected and actual experience	422,696	-	422,696
Contributions - employer	-	1,000,000	(1,000,000)
Net investment income	-	1,617,686	(1,617,686)
Benefits paid	(1,052,713)	(1,052,713)	-
Administrative expenses	-	(111,476)	111,476
Total changes	1,109,074	1,453,497	(344,423)
<b>Balances at June 30, 2018</b>	\$ 20,893,838	\$ 25,330,591	\$ (4,436,753)
Changes for the year:			
Service Cost	332,128	-	332,128
Interest	1,445,794	-	1,445,794
Differences between expected and actual experience	434,581	-	434,581
Change in assumptions	1,022,522	-	1,022,522
Contributions - employer	-	1,200,000	(1,200,000)
Net investment income	-	1,306,897	(1,306,897)
Benefits paid	(1,143,524)	(1,143,524)	-
Administrative expenses	-	(113,561)	113,561
Total changes	2,091,501	1,249,812	841,689
<b>Balances at June 30, 2019</b>	\$ 22,985,339	\$ 26,580,403	\$ (3,595,064)

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE F – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Asset (Continued)**

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate*

The following presents the net pension asset of the Department, calculated using the discount rate of 7 percent, as well as what the Department's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net Pension Asset	\$ (792,757)	\$ (3,595,064)	\$ (5,959,841)

*Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Department pension plan financial report.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the recognized pension expense amounted to \$522,572. At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 934,213	\$ -
Net difference between projected and actual earnings on investments	391,748	-
Change in assumptions	818,018	533,054
Total	\$ 2,143,979	\$ 533,054

Investment gains or losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.



**MURFREESBORO ELECTRIC DEPARTMENT**  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**NOTE F – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2019 will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 228,881
2021	424,360
2022	573,411
2023	384,273
Total	<u>\$ 1,610,925</u>

For the year ended June 30, 2018, the recognized pension benefit amounted to \$(89,162). At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 813,990	\$ 59,774
Net difference between projected and actual earnings on investments	414,699	-
Change in assumptions	-	1,066,107
Total	<u>\$ 1,228,689</u>	<u>\$ 1,125,881</u>

**NOTE G – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

In addition to pension benefits described in Note F, the Department provides certain health care and life insurance benefits for retirees under a single employer defined benefit OPEB plan. Substantially all of the Department's full-time employees are eligible for life insurance coverage paid by the employer. Employees who are actively employed and have been employed for at least one month ("member") are eligible to receive up to \$10,000 life insurance benefit in the event of death. After 90 days of service, actively employed members are eligible for \$50,000 life insurance benefits. Employees are eligible for four times their annual salary after one year, not to exceed \$550,000. Upon retirement, each member is entitled to a \$5,000 life insurance benefit. Members and their spouses may become eligible for health care benefits if they reach normal retirement age (60) or reach age 55 and have 10 years of service. The benefit terms provide for payment of 90% of health insurance premiums for non-Medicare eligible retirees and their spouses and 90% of the supplemental premiums for Medicare eligible retirees. Retirees pay 100% of spousal coverage after five years. The plan does not have assets set aside in a trust to fund benefits as the plan is funded on a pay-as-you-go basis.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Employees Covered by OPEB*

As of June 30, 2019, the following employees were covered by the benefit terms of the OPEB:

Inactive employees or beneficiaries currently receiving benefits	36
Active employees	81
	<u>117</u>

**Total OPEB Liability**

The Department's total OPEB liability of \$14,273,557 and \$13,363,707 as of June 30, 2019 and 2018, respectively, was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.23 percent per annum
Salary scale	4.00 percent per annum
Healthcare cost trend rates	8.00 percent, graded uniformly to 5 percent over a ten year period
Retirees' share of benefit-related costs	10.00 percent of medical premiums for retirees

The discount rate was based upon the S & P municipal bond index as of June 30, 2017.

Mortality rates were based on the RP-2014 Mortality Table for males and females with improvements under MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation are selected by the Department.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
<b>Balance at June 30, 2018</b>	<u>\$ 13,363,707</u>
Changes for the year:	
Service Cost	777,890
Interest	446,610
Benefit payments	(314,650)
Total changes	<u>909,850</u>
<b>Balance at June 30, 2019</b>	<u><u>\$ 14,273,557</u></u>

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

For the Years Ended June 30, 2019 and 2018

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 2.23%	Current Rate 3.23.%	1% Increase 4.23%
Total OPEB Liability	\$ 16,832,774	\$ 14,273,557	\$ 12,242,686

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease 7% decreasing to 4% over 10 years	Current Rate	1% Increase 9% decreasing to 6% over 10 years
Total OPEB Liability	\$ 11,819,738	\$ 14,273,557	\$ 17,522,508

For the year ended June 30, 2019 and 2018, the Department recognized total OPEB expense of \$1,224,500 and \$1,158,990, respectively.

**NOTE H - RISK MANAGEMENT**

The Department is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, injuries to employees, and natural disasters. The Department primarily purchases commercial insurance to cover potential claims. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS  
Last 10 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability (Asset)</b>										
Service cost	\$ 460,924	\$ 402,454	\$ 400,801	\$ 372,911	\$ 365,423	\$ 332,128	\$ -	\$ -	\$ -	\$ -
Interest	1,322,046	1,366,114	1,229,644	1,314,126	1,373,668	1,445,794	-	-	-	-
Changes of benefit terms	-	-	39,489	-	-	-	-	-	-	-
Differences between expected and actual experience	(358,659)	287,323	464,559	171,897	422,696	434,581	-	-	-	-
Changes of assumptions	-	(3,198,319)	-	-	-	1,022,522	-	-	-	-
Benefit Payments, including refunds of employee contributions	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)	(1,143,524)	-	-	-	-
<b>Net Change in Total Pension Liability (Asset)</b>	<b>712,198</b>	<b>(1,902,935)</b>	<b>1,284,045</b>	<b>909,945</b>	<b>1,109,074</b>	<b>2,091,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Pension Liability (Asset) - beginning of year</b>	<b>18,781,511</b>	<b>19,493,709</b>	<b>17,590,774</b>	<b>18,874,819</b>	<b>19,784,764</b>	<b>20,893,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Pension Liability (Asset) - ending of year</b>	<b>\$ 19,493,709</b>	<b>\$ 17,590,774</b>	<b>\$ 18,874,819</b>	<b>\$ 19,784,764</b>	<b>\$ 20,893,838</b>	<b>\$ 22,985,339</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,300,000	\$ 1,100,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	2,744,581	227,180	36,383	2,250,394	1,517,686	1,306,897	-	-	-	-
Benefit Payments, including refunds of employee contributions	(712,113)	(760,507)	(850,458)	(948,989)	(1,052,713)	(1,143,524)	-	-	-	-
Administrative expenses	(84,031)	(92,549)	(92,726)	(100,835)	(111,476)	(113,561)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,148,437</b>	<b>574,124</b>	<b>293,199</b>	<b>2,500,570</b>	<b>1,453,497</b>	<b>1,249,812</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - beginning of year</b>	<b>17,360,764</b>	<b>20,509,201</b>	<b>21,083,325</b>	<b>21,376,524</b>	<b>23,877,094</b>	<b>25,330,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - ending</b>	<b>20,509,201</b>	<b>21,083,325</b>	<b>21,376,524</b>	<b>23,877,094</b>	<b>25,330,591</b>	<b>26,580,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Pension Liability (Asset) - ending</b>	<b>\$ (1,015,492)</b>	<b>\$ (3,492,551)</b>	<b>\$ (2,501,705)</b>	<b>\$ (4,092,330)</b>	<b>\$ (4,436,753)</b>	<b>\$ (3,595,084)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>	<b>105.2%</b>	<b>119.9%</b>	<b>113.3%</b>	<b>120.7%</b>	<b>121.2%</b>	<b>115.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Covered payroll</b>	<b>\$ 4,598,385</b>	<b>\$ 4,561,070</b>	<b>\$ 4,417,407</b>	<b>\$ 4,390,396</b>	<b>\$ 4,219,447</b>	<b>\$ 4,032,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Pension Liability (Asset) as a % of covered payroll</b>	<b>&lt; 0%</b>	<b>&lt; 0%</b>	<b>&lt; 0%</b>	<b>&lt; 0%</b>	<b>&lt; 0%</b>	<b>&lt; 0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DEPARTMENT PENSION CONTRIBUTIONS  
Last 10 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 602,257	\$ 430,626	\$ 428,857	\$ 399,015	\$ 499,073	\$ 474,147	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	1,200,000	1,200,000	1,200,000	1,300,000	1,100,000	1,100,000	-	-	-	-
Contribution excess	\$ (597,743)	\$ (769,374)	\$ (771,143)	\$ (900,985)	\$ (600,927)	\$ (725,853)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	\$ 4,032,670				
Contributions as a percentage of covered payroll	26.1%	26.3%	27.2%	29.6%	26.1%	29.8%				

Notes to the Schedule Relating to the Actuarially Determined Contribution

Valuation date:

June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal with the unfunded liability reestablished each year
Amortization method	Level dollar amortization of unfunded liabilities
Remaining amortization periods:	20 years, closed period effective July 1, 2005
	30 years, closed period effective July 1, 2005
Asset valuation method	Fair Market Value
Inflation	2.25% per annum, compounded annually
Salary increases	4.00% per annum to normal retirement
Investment rate of return	7.00% per annum, compounded annually
Retirement age	Participants may retire on the first day of the month coincident with or next following reaching age 55 and completion of 10 years of service.
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table reflects mortality improvement through the valuation date using mortality improvement scale AA.

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Total OPEB Liability</b>										
Service cost	\$ 740,848	\$ 777,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	418,142	446,610	-	-	-	-	-	-	-	-
Benefit Payments / Refunds	(291,343)	(314,650)	-	-	-	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	867,647	909,850	-	-	-	-	-	-	-	-
<b>Total OPEB Liability - beginning of year</b>	12,496,060	13,363,707	-	-	-	-	-	-	-	-
<b>Total OPEB Liability - ending of year</b>	\$ 13,363,707	\$ 14,273,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position</b>										
Contributions - employer *	\$ 291,343	\$ 314,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefit Payments / Refunds	(291,343)	(314,650)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	-	-	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - beginning of year</b>	-	-	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - ending</b>	-	-	-	-	-	-	-	-	-	-
<b>Net OPEB Liability - ending</b>	\$ 13,363,707	\$ 14,273,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position as a % of the Total OPEB Liability</b>	0.0%	0.0%	-	-	-	-	-	-	-	-
<b>Covered payroll</b>	\$ 6,116,371	\$ 6,361,026	-	-	-	-	-	-	-	-
<b>Net OPEB Liability as a % of covered payroll</b>	218.5%	224.4%	-	-	-	-	-	-	-	-
* Projected										

See notes to the financial statements.

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DEPARTMENT OPEB CONTRIBUTIONS**  
Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Actuarially determined contribution	\$ 1,255,502	\$ 1,342,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution *	291,343	314,650	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ 964,159	\$ 1,028,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 6,116,371	\$ 6,361,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	4.8%	4.9%								

\* Projected

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**SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

BOARD OF DIRECTORS  
Murfreesboro Electric Department  
Murfreesboro, Tennessee

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Murfreesboro Electric Department's financial statements as a whole. The comparative schedules of operating revenues and expenses, and the schedule of debt service and the schedule of changes in long-term debt by Individual Issue on pages 34-39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The organizational data and roster of Members and Management Officials on pages 40-41 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Murfreesboro, Tennessee

TBD

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**COMPARATIVE STATEMENTS OF OPERATING REVENUES**

	For the Years Ended June 30,		Increase (Decrease)
	2019	2018	
Residential sales - urban	\$ 82,026,054	\$ 79,845,738	\$ 2,180,316
Small lighting and power	15,677,925	15,469,867	208,058
Large lighting and power	73,449,256	71,332,500	2,116,756
Street and outdoor lighting	2,432,925	2,356,940	75,985
Unbilled electric revenue change	(317,738)	1,157,365	(1,475,103)
Forfeited discounts	1,052,377	1,141,962	(89,585)
Miscellaneous service revenue	1,947,040	1,876,968	70,072
Rent from electricity property	914,692	877,704	36,988
Total operating revenues	<u>\$ 177,182,481</u>	<u>\$ 174,059,044</u>	<u>\$ 3,123,437</u>

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**COMPARATIVE STATEMENTS OF OPERATING EXPENSES**

	For the Years Ended June 30,		Increase (Decrease)
	2019	2018	
Power purchased	\$ 143,945,325	\$ 140,599,719	\$ 3,345,606
Operating expenses			
Supervision and engineering	172,313	163,097	9,216
Station equipment	383,936	295,983	87,953
Overhead/underground lines	342,662	343,605	(943)
Street light system	236,866	128,528	108,338
Meters	331,305	354,211	(22,906)
Customer installation	314,256	278,419	35,837
Miscellaneous distribution	1,004,135	997,852	6,283
Rents	72,046	73,860	(1,814)
	<u>2,857,519</u>	<u>2,635,555</u>	<u>221,964</u>
Maintenance expenses			
Supervision and engineering	92,961	85,415	7,546
Station equipment	197,609	214,231	(16,622)
Overhead lines	1,470,437	1,157,592	312,845
Underground lines	406,103	385,528	20,575
Line transformers	37,399	39,562	(2,163)
Street light system	83,133	116,457	(33,324)
Meters	89,433	72,880	16,553
Miscellaneous distribution	8,337	830	7,507
General plant	398,200	314,064	84,136
	<u>2,783,612</u>	<u>2,386,559</u>	<u>397,053</u>
Customer account expenses			
Supervision	130,673	108,443	22,230
Meter reading	10,735	8,193	2,542
Customer records and collection	1,859,252	1,888,850	(29,598)
Uncollectible accounts	115,427	85,050	30,377
Customer assistance	190,484	131,628	58,856
	<u>2,306,571</u>	<u>2,222,164</u>	<u>84,407</u>
Sales expense	285,120	268,630	16,490

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**COMPARATIVE STATEMENTS OF OPERATING EXPENSES (Continued)**

	For the Years Ended June 30,		Increase (Decrease)
	2019	2018	
Administrative and general expenses			
Salaries	\$ 811,221	\$ 795,699	\$ 15,522
Office supplies	526,902	381,647	145,255
Outside services employed	565,026	394,279	170,747
Property insurance	378,645	364,447	14,198
Injuries and damages	529,154	624,034	(94,880)
Employee pensions and benefits	2,617,749	2,135,303	482,446
Miscellaneous	(64,208)	(26,591)	(37,617)
	<u>5,364,489</u>	<u>4,668,818</u>	<u>695,671</u>
Depreciation expense	7,912,766	7,306,481	606,285
Amortization of plant acquisition adjustment	224,926	247,049	(22,123)
Taxes and tax equivalent expense			
Payroll taxes	427,766	415,549	12,217
County tax equivalent	874,021	913,837	(39,816)
	<u>1,301,787</u>	<u>1,329,386</u>	<u>(27,599)</u>
Total operating expenses	<u>\$ 166,982,115</u>	<u>\$ 161,664,361</u>	<u>\$ 5,317,754</u>

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
JUNE 30, 2019

	TMBF 2007 Series		City of Murfreesboro 2009			Total Debt Service		
	Principal	Interest	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 793,000	\$ 34,170	\$ 370,000	\$ 24,850	\$ 394,850	\$ 1,163,000	\$ 59,020	\$ 1,222,020
2021	832,000	26,240	380,000	12,826	392,826	1,212,000	39,066	1,251,066
2022	874,000	17,920	-	-	-	874,000	17,920	891,920
2023	918,000	9,180	-	-	-	918,000	9,180	927,180
	<u>\$ 3,417,000</u>	<u>\$ 87,510</u>	<u>\$ 750,000</u>	<u>\$ 37,676</u>	<u>\$ 787,676</u>	<u>\$ 4,167,000</u>	<u>\$ 125,186</u>	<u>\$ 4,292,186</u>

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
JUNE 30, 2019

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2018</u>	<u>Issued During the Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding June 30, 2019</u>
<b>Governmental Activities - Electric System Revenue Bonds</b>									
<u>Payable through Murfreesboro Electric Department</u>									
TMBF 2007 Series	\$ 10,000,000	Variable	12/27/2007	5/23/2023	\$4,172,000	\$ -	\$ 755,000	\$ -	\$ 3,417,000
City of Murfreesboro 2009	\$ 15,445,000	2 to 3.375%	9/30/2009	6/1/2021	1,110,000	-	360,000	-	750,000
<b>Total Bonds Payable through Murfreesboro Electric Department</b>					<u>\$5,282,000</u>	<u>\$ -</u>	<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ 4,167,000</u>

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**ORGANIZATIONAL DATA**  
**(Unaudited)**

For the Year Ended June 30, 2019

Acquired:  
August 15, 1939, from the Tennessee Utilities Corporation.

Management:  
The Board of the Murfreesboro Electric Department took over the direction of the Department May 28, 1946.

Customers and rate schedule:

As of June 30, 2019, Murfreesboro Electric Department serves approximately 67,000 customers and had the following rate structure in place:

Residential:

Customer Charge	\$11.76 per month (also minimum bill)
Energy Charge	\$.07660 per KWH
FCA Charge	\$.01815 per KWH

Commercial:

General Power (GSA)

(1) Not more than 50 KWD (KWH not over 15,000)

Customer Charge	\$24.86
Energy Charge	\$.08742 per KWH
Fuel Cost Adjustment	\$.01799 per KWH

(2) Greater than 50 KWD but not more than 1,000 KWD or less than 50 KWD with KWH over 15,000

Customer Charge	\$49.00
Energy Charge	
1st 15,000	\$.08851 per KWH FCA is \$.01782 per KWH
over 15,000	\$.04417 per KWH FCA is \$.01782 per KWH
Demand Charge	
1st 50	No Charge
over 50	\$13.19 per KWH

(3) Greater than 1,000 KWD but not more than 5,000 KWD

Customer Charge	\$122.00
Energy Charge	\$.04729 per KWH
FCA charge	\$.01782 per KWH
Demand Charge	
1st 1,000 KWD	\$12.26 per KWH
over 1,000 KWH	\$12.22 per KWH

MURFREESBORO ELECTRIC DEPARTMENT  
Murfreesboro, Tennessee

**ORGANIZATIONAL DATA**  
**(Unaudited)**

For the Year Ended June 30, 2019

**General Power (GSB)**

Greater than 5,000 KWD but not more than 15,000 KWD

Customer Charge	\$1,500.00
Admin charge	\$350.00
Energy Charge	\$.06513 per KWH
FCA charge	\$.01656 per KWH
Demand Charge – On peak	\$10.87 per KWH
Demand Charge – Max peak	\$5.21 per KWH

**General Power (MSC)**

Greater than 15,001 but not more than 25,000 KW

Customer charge	\$1,500.00
Admin charge	\$350.00
Energy Charge	\$.06513 per KWH
FCA charge	\$.01656 per KWH
Demand Charge – On peak	\$10.87 per KWH
Demand Charge – Max peak	\$4.70 per KWH

**Manufacturing Service (MSB)**

Greater than 5,000 KWD but not more than 15,000 KWD

Customer charge	\$1,500.00
Admin charge	\$350.00
Energy Charge	\$.05779 per KWH
FCA charge	\$.01671 per KWH
Demand Charge – On peak	\$10.24 per KWH
Demand Charge – Max peak	\$2.26 per KWH

**Manufacturing Service (MSB)**

Greater than 15,001 KWD but not more than 25,000 KWD

Customer charge	\$1,500.00
Admin charge	\$350.00
Energy Charge	\$.05667 per KWH
FCA charge	\$.01671 per KWH
Demand Charge – On peak	\$10.24 per KWH
Demand Charge – Max peak	\$1.75 per KWH

For time of use rates, please contact the Murfreesboro Electric Department.

Fuel cost adjustments (FCA) vary monthly and apply to energy charges only.



MURFREESBORO ELECTRIC DEPARTMENT  
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2019

**OFFICIALS**

P.D. Mynatt	General Manager
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**BOARD MEMBERS**

Ross Bradley	Chair
Irene Pitts-McDonald	Vice-Chair
Richard Stone	Member
Rick Hardesty	Member
Rick LaLance	Member

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors Murfreesboro Electric Department  
Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Murfreesboro Electric Department as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Murfreesboro Electric Department's basic financial statements, and have issued our report thereon dated **TBD**.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Murfreesboro Electric Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Murfreesboro Electric Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Murfreesboro Electric Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Murfreesboro Electric Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Murfreesboro Electric Department's Response to Findings**

The Department's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Department's response and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murfreesboro, Tennessee  
**TBD**

Murfreesboro Electric Department  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2019

**Section I – Summary of Auditor Results**

Type of report issued:      unqualified

Internal control over financial reporting:

- Material weakness identified? **No**
- Significant deficiencies identified that are not considered material weaknesses? **None reported**

Noncompliance material to financial statements noted: **No**

**Section II – Financial Statement Findings**

None

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**

June 30, 2019 and 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Murfreesboro Electric Department Pension Plan  
Murfreesboro, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of Murfreesboro Electric Department Pension Plan, a fiduciary fund of the City of Murfreesboro, Tennessee as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

### Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Murfreesboro Electric Department Pension Plan, as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note A, the financial statements present only the Murfreesboro Electric Department Pension Plan and do not purport to, and do not present fairly the financial position of the City of Murfreesboro, Tennessee as of June 30, 2019 and 2018, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 and the required supplementary information presented on pages 19-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements for Murfreesboro Electric Department Pension Plan. The data and information on page 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated **TBD** on our consideration of the Murfreesboro Electric Department Pension Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Murfreesboro Electric Department Pension Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murfreesboro Electric Department Pension Plan's internal control over financial reporting and compliance.

Murfreesboro, Tennessee

**TBD**

## MANAGEMENTS' DISCUSSION AND ANALYSIS

The following Managements' Discussion and Analysis (MD & A) of the Murfreesboro Electric Department Pension Plan's activities provides the reader with an introduction and overview to the financial statements of the Murfreesboro Electric Department Pension Plan ("the Plan") for the year ended June 30, 2019 and 2018. This information should be considered within the context of the accompanying financial statements and note disclosures.

### FINANCIAL HIGHLIGHTS

- Net plan fiduciary position increased \$1,249,812 for the year 2019 as compared to increases of \$1,453,497 in 2018 and \$2,500,570 in 2017 primarily as a result of the stock market conditions improving during the current year. The return on investment for the year 2019 was 5.16% compared to 6.82% in 2018 and 10.49% in 2017.
- The contribution by the employer was \$1,200,000 for the year 2019, \$1,000,000 for the year 2018, and \$1,300,000 for the year 2017. The contribution determined by the actuary for the current year was \$474,147 as compared to \$499,073 for 2018 and \$399,015 for 2017.
- The Plan's funding objective is to meet its long-term benefit obligations through employer contributions and investment income. As of July 1, 2018, the Plan had a funded ratio of 115.6%, which means that for every dollar determined to be actuarially due, the plan had \$1.16 of assets available. This ratio compares to 121.2% in 2018 and 120.7% in 2017. The improvement is a result of the Board approving contribution rates higher than the actuarial determined amount for 2019, 2018, and 2017.
- The Plan's assets are managed by Pinnacle Bank Trust Department subject to an investment policy approved by the Pension Committee.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion is intended to serve as an introduction to the Plan's financial statements. The financial statements are composed of a statement of plan net assets, a statement of changes in plan net assets and notes to the financial statements.

*The statement of plan fiduciary net position* is a snapshot at a point in time of the assets that are available for future payments to retirees.

*The statement of changes in plan fiduciary net position* provides a view of the current year additions to and deductions from net assets.

The financial statements also include certain required information regarding the funded status of the plan and certain historical trend information.



## COMPARATIVE FINANCIAL STATEMENTS

The pension trust net plan fiduciary position is as follows:

	June 30, 2019	June 30, 2018	June 30, 2017
<b>Assets</b>			
Cash (money market)	\$ 2,061,996	\$ 1,509,579	\$ 1,707,850
Receivables	81,777	55,092	57,970
Investments at fair value	24,236,630	23,765,920	19,610,705
Due from brokers	200,000	-	-
	<u>24,579,403</u>	<u>25,330,591</u>	<u>21,376,525</u>
Net assets held for benefits	<u>\$ 26,580,403</u>	<u>\$ 25,330,591</u>	<u>\$ 21,376,525</u>

The changes in the pension trusts net plan position for the years presented is as follows:

	June 30, 2019	June 30, 2018	June 30, 2017
<b>Additions</b>			
Employer contribution	\$ 1,200,000	\$ 1,100,000	\$ 1,200,000
Interest and dividends	943,334	563,062	799,234
Investment gains(losses), net	258,904	843,148	(855,577)
	<u>2,402,238</u>	<u>2,506,210</u>	<u>1,143,657</u>
<b>Deductions</b>			
Benefit payments	<u>1,152,426</u>	<u>1,052,713</u>	<u>850,456</u>
Increase in net assets available for benefits	<u>\$ 1,249,812</u>	<u>\$ 1,453,497</u>	<u>\$ 293,201</u>

## INFORMATION FOR NEXT YEAR

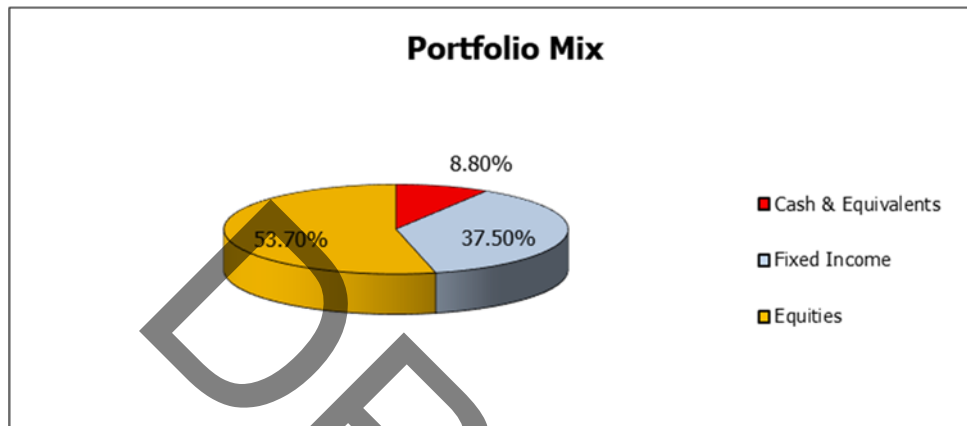
An actuarial firm computes the employer contribution. The contribution determined by the actuary for the year beginning July 1, 2019 is \$483,566.

## FUNDING ISSUES

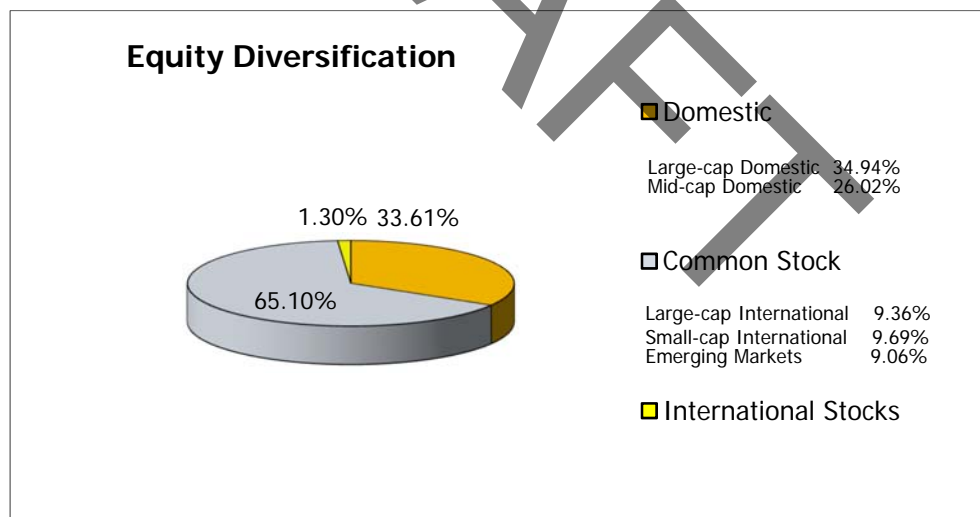
Since the last valuation the actuarial assumptions were not changed based on a review of the assumptions by the Plan's actuary and the management of Murfreesboro Electric Department.

## INVESTMENT SUMMARY

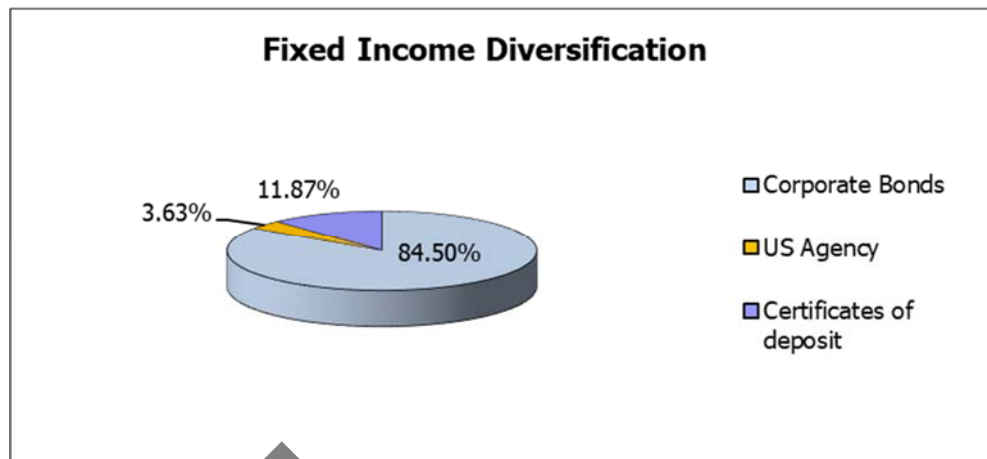
The portfolio mix is as follows:



The equity diversification is as follows:



The fixed income diversification is as follows:



**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 2,061,996	\$ 1,509,579
Accrued interest	81,777	55,092
Due from brokers	200,000	-
Investments, at fair market value		
Mutual funds/ETFs	5,760,450	15,292,038
Domestic and international stocks	8,508,969	-
Corporate bonds and debentures	8,422,036	6,341,953
Certificates of deposit	1,183,443	1,770,244
US Government and municipal obligations	361,732	361,685
Total investments	<u>24,236,630</u>	<u>23,765,920</u>
Net position- held in trust and restricted for pension benefits	<u><u>\$ 26,580,403</u></u>	<u><u>\$ 25,330,591</u></u>

See notes to the financial statements.

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Additions (reductions)</b>		
Employer contribution	\$ 1,200,000	\$ 1,100,000
Investment income		
Appreciation in fair value of investments	363,563	954,624
Interest	321,765	217,931
Dividends	621,569	345,131
	1,306,897	1,517,686
Less: investment fees	(113,561)	(111,476)
Net investment gain	1,193,336	1,406,210
Total net additions	2,393,336	2,506,210
<b>Deductions</b>		
Benefit payments	1,143,524	1,052,713
Net increase in net position	1,249,812	1,453,497
Net position held in trust for pension benefits		
Beginning of year	25,330,591	23,877,094
End of year	\$ 26,580,403	\$ 25,330,591

See notes to the financial statements.

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**NOTE A – SUMMARY OF ACCOUNTING POLICIES AND PLAN CHARACTERISTICS**

The Murfreesboro Electric Department Pension Plan (“Plan”) is considered a fiduciary fund of the City of Murfreesboro, Tennessee and its financial statements are included in the general purpose financial statements issued by the City of Murfreesboro.

The following brief description of the Murfreesboro Electric Department Pension Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

***Plan Provisions***

The Plan, which was originally established August 1, 1956, has been amended several times since then, the last amendment being effective July 1, 2010. The Plan is a single-employer defined benefit plan and covers all employees of the Murfreesboro Electric Department who have attained the age of twenty-five (25) and completed at least one (1) year of service; but must not have attained age sixty (60) on the date of hire.

The Board of Directors of the Employer acts as the Pension Committee with the responsibility to oversee the operation of the plan. Effective, January 1, 1994, the Employer entered into an agreement with Pinnacle Financial Partners, whereby, Pinnacle holds and manages the Plan’s assets as Successor Trustee.

At June 30, 2019, the Murfreesboro Electric Department Pension Plan membership consisted of:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	15
Active employees:	
Vested	48
Nonvested	-
	<hr/>
Total	<hr/> <hr/> 112

A Participant’s interest in the Plan is fully vested after five (5) years of credited service.

Effective April 1, 2012 the plan was amended to close participation to new employees. The Department established a new defined contribution plan to provide retirement benefits to those new employees.

MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**NOTE A – SUMMARY OF ACCOUNTING POLICIES AND PLAN CHARACTERISTICS  
(CONTINUED)**

***Pension Benefits***

Employees with ten (10) or more years of credited service are entitled to monthly pension benefits upon attainment of early retirement age (55). The Plan's normal retirement age is 60. The monthly benefit is 2% of the highest five years of average monthly compensation multiplied by years of employment up to thirty (30) years. The basic form of the retirement payments is a life annuity for single and a joint survivor annuity for married participants. Subject to the application plan conditions, a Participant may select an optional method of benefit payments which is actuarially equivalent to the basic benefit payment. In the event an employee becomes entitled to benefits under the Plan and the value of the benefit is less than \$10,000, the employee may receive a lump-sum distribution at the discretion of the Retirement Committee. Benefit payments to participants are recorded upon distribution.

***Death Benefits***

If a participant dies before termination of employment after becoming eligible for normal or early retirement but before any benefits have commenced, his surviving spouse will receive the benefit that would have been payable if the participant had elected to retire the day before his death. The benefit payable is the survivor's portion (50%) of a qualified joint and survivor benefit. If a participant dies before termination of employment after becoming eligible for a vested benefit, but prior to his attaining the earliest retirement age, his surviving spouse will receive a deferred benefit payable on the participant's otherwise early retirement date in an amount equal to the survivor's portion of the qualified joint and survivor benefit.

After retirement, no death benefit is payable unless an optional form of benefit had been elected that provides one.

***Basis of Accounting***

The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution.

***Asset Valuation***

The Plan's investments are reported at fair market value and appreciation and depreciation in the value of those investments is recognized in the statement of changes in net assets. Investment income is recognized as earned. Refer to Note E for additional information about fair value.

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**NOTE A – SUMMARY OF ACCOUNTING POLICIES AND PLAN CHARACTERISTICS  
(CONTINUED)**

***Plan Termination Priorities***

The Employer shall have the right to terminate the Plan. Upon such action, the Pension Committee shall allocate the Trust Fund, after payment of applicable taxes and administrative expenses, to Participants or their beneficiaries in the order prescribed by Section 8.04 of the Plan. The Committee may arrange for the application of the Trust Fund to provide benefits in the form of annuities from a life insurance company policy or the distribution of cash directly to the Participant, retired Participant, or Beneficiary.

***Expenses***

Expenses of the Plan may be paid by the Employer or the Plan.

***Tax Status***

The Plan has received and maintains a favorable determination letter from the Internal Revenue Service concerning its tax-exempt status.

**NOTE B – CONTRIBUTIONS REQUIRED AND FUNDING POLICY**

The Board of Directors of the employer establishes and may amend the contribution requirements of the employer. The contribution is based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer adopted a funding policy as required by recent State of Tennessee legislation. The funding policy states that the Department will contribute at least the actuarially determined contribution as described in the funding policy. Employees are not allowed to contribute to the Plan.

**NOTE C – INVESTMENTS**

The Plan has an agreement with a Pinnacle Financial Partners whereby Pinnacle manages the investments subject to an investment policy established by the Pension Trust Committee. The investment policy is designed to reduce risk through a prudent diversification of the portfolio across a broad selection of assets classes.



**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**NOTE C – INVESTMENTS (CONTINUED)**

As of June 30, 2019, the Committee's adopted assets allocation strategy was as follows:

Asset Class	Target Allocation
Domestic, Large Cap Equity	20-60%
Domestic, Mid & Small Cap Equity	0-25%
International Equity	0-24%
Developed Markets	0-24%
Emerging Markets	0-8%
Total Fixed Income Portfolio	30-55%
U.S. Corporate Bonds	0-40%
U.S. Treasury and Govt Agencies	0-25%
Certificates of Deposit	0-25%
International Bond Funds	0-15%
Alternative Assets	0-20%
Cash Equivalents	0-10%

The policy requires a maximum maturity of 15 years and at least a BBB rating for bonds.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.16%.

All of the Plan's net depreciation in the fair value of investments is attributable to mutual funds.

The fair value of investments that represents 5% or more of the Plan's net position held in trust and restricted for pension benefits as of June 30, 2019 and 2018 are as follows:

	2019	2018
DFA US Vector Equity Portfolio Fund	\$ -	\$ 3,592,039
DFA US Core Equity 2 Portfolio Fund	\$ -	\$ 2,128,565
DFA US Large Cap Value Portfolio Fund	\$ -	\$ 2,697,171
DFA Real Estate Securities Fund	\$ -	\$ 1,509,780
DFA International Value Fund	\$ -	\$ 1,292,898
Federated Government Obligations Fund	\$ -	\$ 1,437,799
Hartford Shroders Intl Multi Cap Fund	\$ 1,386,108	\$ -
William Blair INTL Leaders Fund	\$ 1,504,505	\$ -

**NOTE D – NET PENSION ASSET**

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

The employer's net pension asset was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019 and June 30, 2018, respectively.

*Actuarial Assumptions*

The total pension asset in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent per annum, compounded annually
Salary scale	4.00 percent per annum to normal retirement
Investment rate of return	7.00 percent, net of pension plan investment expenses, including inflation

RP-2014 Adjusted to 2006 Total Dataset Mortality will reflect mortality improvement through the valuation date using mortality improvement scale MP-2018

The actuarial assumptions used in the June 30, 2019 valuation are selected by the employer. No changes were made to the actuarial assumptions and methods used at June 30, 2019.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity - Small Cap	9.23%
Domestic Equity - Large Cap	7.92%
Domestic Equity - Mid Cap	8.71%
International Equity	7.80%
International Equity - Emerging Markets	9.66%
Fixed Income	3.13%
Real Estate	7.48%
Cash	2.49%

**NOTE D- NET PENSION ASSET (CONTINUED)**

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

*Discount Rate*

The discount rate used to measure the total pension asset is 7 percent. The projection of cash flows used to determine the discount rate assumes that the annual recommended contribution is based on the Entry Age Normal Funding Method where the contribution is equal to the normal cost plus the 20-year closed amortization from July 1, 2005 of the unfunded liabilities. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension asset.

The table below summarizes the changes in the net pension asset as of June 30, 2019 and 2018:

	2019	2018
Total pension liability	\$ 22,985,339	\$ 20,893,838
Plan fiduciary net position	(26,580,402)	(23,877,094)
Net pension asset	<u>\$ (3,595,063)</u>	<u>\$ (4,092,330)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.64%	120.68%

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate*

The following presents the net pension asset, calculated using the discount rate of 7 percent, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net Pension Asset	<u>\$ (792,757)</u>	<u>\$ (3,595,064)</u>	<u>\$ (5,959,841)</u>

MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**NOTE E- FAIR VALUE**

GASB 72, *Fair Value Measurement and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2019 and 2018.

- (i) *Corporate Stock, mutual funds, corporate bonds and debentures, and certificates of deposit:* Valued at the net asset value of shares held by the Plan at year end based on a quoted price in an active market.
- (ii) *U.S. government and municipal obligations:* Valued at fair value based on a pricing matrix. Quoted prices for similar securities can be observed in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**NOTE E- FAIR VALUE (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2019 and 2018:

<b>Fair Value Measurements as of June 30, 2019 using the following inputs</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 5,760,450	\$ -	\$ -	\$ 5,760,450
Common and foreign stock	8,508,969	-	-	\$ 8,508,969
Corporate bonds and debentures	8,422,036	-	-	8,422,036
Certificates of deposit	1,183,443	-	-	1,183,443
U.S. government and municipal obligations	-	361,732	-	361,732
Total	<u>\$ 23,874,898</u>	<u>\$ 361,732</u>	<u>\$ -</u>	<u>\$ 24,236,630</u>

<b>Fair Value Measurements as of June 30, 2018 using the following inputs</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 15,292,038	\$ -	\$ -	\$ 15,292,038
Corporate bonds and debentures	6,341,953	-	-	6,341,953
Certificates of deposit	1,770,244	-	-	1,770,244
U.S. government and municipal obligations	-	361,685	-	361,685
Total	<u>\$ 23,404,235</u>	<u>\$ 361,685</u>	<u>\$ -</u>	<u>\$ 23,765,920</u>

MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN  
Murfreesboro, Tennessee

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Last 10 Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 602,257	\$ 430,626	\$ 428,857	\$ 399,015	\$ 499,073	\$ 474,147	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	1,200,000	1,200,000	1,200,000	1,300,000	1,000,000	1,200,000	-	-	-	-
Contribution deficiency (excess)	\$ (597,743)	\$ (769,374)	\$ (771,143)	\$ (900,985)	\$ (500,927)	\$ (725,853)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	4,032,670				
Contributions as a percentage of covered - payroll	26.1%	26.3%	27.2%	29.6%	23.7%	29.8%				

**Notes to the Schedule Relating to the Actuarially Determined Contribution**

Valuation date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal with the unfunded liability reestablished each year
Amortization method	Level dollar amortization of unfunded liabilities
Remaining amortization periods:	20 years, closed period effective July 1, 2005 30 years, closed period effective July 1, 2005
Asset valuation method	Fair Market Value
Inflation	2.25% per annum, compounded annually
Salary increases	4.00% per annum to normal retirement
Investment rate of return	7.00% per annum, compounded annually
Retirement age	Participants may retire on the first day of the month coincident with or next following reaching age 55 and completion of 10 years of service
Mortality	RP-2000 Combined Mortality Table reflects mortality improvement through the valuation date using mortality improvement scale AA.

See independent auditors' report.

MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN  
Murfreesboro, Tennessee  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS**  
**Last 10 Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability (Asset)</b>										
Service cost	\$ 460,924	\$ 402,454	\$ 400,801	\$ 372,911	\$ 365,423	\$ 332,128	\$ -	\$ -	\$ -	\$ -
Interest	1,322,046	1,366,114	1,229,644	1,314,126	1,373,668	1,445,794	-	-	-	-
Changes of benefit terms	-	-	39,497	-	-	-	-	-	-	-
Differences between expected and actual experience	(358,659)	287,323	464,559	171,897	422,696	434,581	-	-	-	-
Changes of assumptions	-	(3,198,319)	-	-	-	(1,022,522)	-	-	-	-
Benefit Payments, including refunds of employee contributions	(712,113)	(760,507)	(850,456)	(948,989)	(1,052,713)	(1,143,524)	-	-	-	-
<b>Net Change in Total Pension Liability (Asset)</b>	712,198	(1,902,935)	1,284,045	909,945	1,109,074	2,091,501	-	-	-	-
<b>Total Pension Liability (Asset) - beginning of year</b>	18,781,511	19,493,709	17,590,774	18,874,819	19,784,764	20,893,838	-	-	-	-
<b>Total Pension Liability (Asset) - ending of year</b>	\$ 19,493,709	\$ 17,590,774	\$ 18,874,819	\$ 19,784,764	\$ 20,893,838	\$ 22,985,339	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,300,000	\$ 1,000,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	2,744,581	227,179	36,383	2,250,394	1,617,686	1,306,897	-	-	-	-
Benefit Payments, including refunds of employee contributions	(712,113)	(760,507)	(850,456)	(948,989)	(1,052,713)	(1,143,524)	-	-	-	-
Administrative expenses	(84,031)	(92,549)	(92,726)	(100,835)	(111,476)	(113,561)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	3,148,437	574,123	293,201	2,500,570	1,453,497	1,249,812	-	-	-	-
<b>Plan Fiduciary Net Position - beginning of year</b>	17,360,764	20,509,201	21,083,324	21,376,524	23,877,094	25,330,591	-	-	-	-
<b>Plan Fiduciary Net Position - ending</b>	20,509,201	21,083,324	21,376,525	23,877,094	25,330,591	26,580,403	-	-	-	-
<b>Net Pension Liability (Asset) - ending</b>	\$ (1,015,492)	\$ (3,492,550)	\$ (2,501,706)	\$ (4,092,330)	\$ (4,436,753)	\$ (3,595,064)	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>	105.2%	119.9%	113.3%	120.7%	121.2%	115.6%	-	-	-	-
<b>Covered payroll</b>	\$ 4,598,385	\$ 4,561,070	\$ 4,417,407	\$ 4,390,396	\$ 4,219,447	4,032,670	-	-	-	-
<b>Net Pension Liability (Asset) as a % of covered-payroll</b>	< 0%	< 0%	< 0%	< 0%	< 0%	< 0%	-	-	-	-

See independent auditors' report.

MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS**  
June 30, 2019

**Fiscal year ending June 30, 2019**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Annual money-weighted rate of return, net of investment expense	5.16%	6.82%	10.49%	0.17%	1.09%	15.27%	13.57%	-1.45%	21.37%	14.95%

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See independent auditors' report.



MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN  
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019

**OFFICIALS**

P.D. Mynatt	General Manager
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**BOARD MEMBERS**

Rick Hardesty	Chair
Irene Pitts-McDonald	Vice-Chair
Richard Stone	Member
Ross Bradley	Member
Eddie Smotherman	Member

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Pension Plan Committee  
Murfreesboro Electric Department Pension Plan  
Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Murfreesboro Electric Department Pension Plan as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Murfreesboro Electric Department's Pension Plan basic financial statements, and have issued our report thereon dated **TBD**.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Murfreesboro Electric Department's Pension Plan internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Murfreesboro Electric Department's Pension Plan internal control. Accordingly, we do not express an opinion on the effectiveness of Murfreesboro Electric Department's Pension Plan internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Murfreesboro Electric Department's Pension Plan financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Murfreesboro Electric Department Pension Plan's Response to Findings**

The Plan's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Plan's response and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murfreesboro, Tennessee  
**TBD**

Murfreesboro Electric Department Pension Plan

**SCHEDULE OF FINDINGS AND RESPONSES**

Year Ended June 30, 2019

**Section I – Summary of Auditor Results**

Type of report issued: unqualified

Internal control over financial reporting:

- Material weakness identified? **No**
- Significant deficiencies identified that are not considered material weaknesses? **None reported**

Noncompliance material to financial statements noted: **No**

**Section II – Financial Statement Findings**

None

Murfreesboro Electric Department Pension Plan

**SCHEDULE OF PRIOR YEAR FINDINGS AND DISPOSITION**

Year Ended June 30, 2019

Prior Year Financial Statement Findings:

There were no prior year findings reported.

DRAFT

## Murfreesboro Electric Department

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Name of Organization

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205 North Walnut Street Murfreesboro, TN 37133-0009

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Address

Tennessee Valley Authority  
1101 Market Street  
Chattanooga, Tennessee 37402-2801

Gentlemen:

We are transmitting herewith our annual report for the year ended June 30, 2019. The report is in agreement with the books of account, and to the best of our knowledge and belief the statements therein contained are true and correctly reflect the financial condition at June 30, 2019, and the results of our electric operations for the year ended on that date.

Our books of account have been kept in accordance with the provisions of the power contract between this organization and the Tennessee Valley Authority, and are consistent with the requirements of the Federal Energy Regulatory Commission's system of accounts.

(Signed)



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Lori Williams

Accountant in charge of books



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P. D. Mynatt

Manager

08/11/2019

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Date transmitted

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TVA Act of 1933

In fulfilling the responsibilities of the TVA Act of 1933 [16 U.S.C. #831i and 831n-4(f)], TVA requires each distributor to provide certain financial and accounting information to TVA to ensure that electric power produced by TVA is being sold at rates which are as low as feasible. This form (TVA 3957) is for that purpose.

Public reporting burden for this collection of information is estimated to vary from ten to forty hours per response, with an average of nineteen hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Agency Clearance Officer, Tennessee Valley Authority, 1101 Market Street, Chattanooga, TN 37402; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**BALANCE SHEET**

ASSETS AND OTHER DEBITS	SEE PAGE NO	ITEM NO	JUNE 30	
			THIS YEAR	LAST YEAR
UTILITY PLANT				
Electric Plant. . . . .	10	1	225,795,455.21	219,396,567.50
Less Depreciation. . . . .	10	2	71,990,538.94	67,014,489.75
<b>Total.</b> . . . .	10	3	153,804,916.27	152,382,077.75
Unamortized acq. adj. . . . .	13	4	884,583.12	1,083,491.78
Other utility plant - net. . . . .	----	5		
<b>Total Plant - net.</b> . . . .	----	6	154,689,499.39	153,465,569.53
OTHER PROPERTY AND INVESTMENTS				
Nonutility property - net. . . . .	15	7		
Other investments. . . . .	14	8		
Sinking funds. . . . .	15	9	32,941.38	33,041.36
Depreciation funds. . . . .	15	10		
Other special funds. . . . .	15	12	678,932.39	677,576.06
<b>Total.</b> . . . .	----	13	711,873.77	710,617.42
CURRENT AND ACCRUED ASSETS				
General cash and temporary cash investments. . . . .	14	14	45,331,600.30	61,957,839.65
Accounts receivable. . . . .	16	15	14,191,156.66	14,171,813.43
Materials and supplies. . . . .	17	16	2,321,446.65	2,380,268.66
Prepayments. . . . .	17	17	1,030,150.77	1,014,180.37
Other current assets. . . . .	17	18	4,210,389.58	4,531,822.15
<b>Total.</b> . . . .	----	19	67,084,743.96	84,055,924.26
DEFERRED DEBITS				
Debt expense. . . . .	17	20		
Preliminary survey. . . . .	----	21		
Clearing accounts. . . . .	----	22	426.91	768.32
Energy Service Loans Receivables. . . . .	----	24	1,821,239.22	1,928,856.36
Deferred costs on TVA Leases. . . . .	17	25		
Other deferred debits. . . . .	17	26	1,724,382.80	2,040,317.52
<b>Total.</b> . . . .	----	27	3,546,048.93	3,969,942.20
TOTAL ASSETS AND OTHER DEBITS. . . . .				
	----	28	226,032,166.05	242,202,053.41

**LIST UNRECORDED AND CONTINGENT ASSETS AND LIABILITIES OTHER THAN ACCRUED UTILITY REVENUE AND UNBILLED PURCHASED POWER**

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PAGE 2

BALANCE SHEET				
LIABILITIES AND OTHER CREDITS	SEE PAGE NO	ITEM NO	JUNE 30	
			THIS YEAR	LAST YEAR
<b>CAPITAL</b>				
Membership certificates. . . . .	----	30		
<b>EARNINGS REINVESTED IN SYSTEM ASSETS</b>				
Beginning of year. . . . .	----	33	183,477,538.68	170,401,045.14
Current year. . . . .	3	34	4,491,542.95	9,685,039.54
<b>Total. . . . .</b>	----	35	187,969,081.63	180,086,084.68
<b>LONG-TERM DEBT</b>				
RUS. . . . .	23	36		
CFC. . . . .	23	37		
CoBank. . . . .	23	38		
Bonds and other long-term debt. . . . .	25	39.1	4,167,000.00	5,282,000.00
TVA. . . . .	25	39.3		
Debt premium and discount. . . . .	----	40	23,000.00	35,000.00
<b>Total. . . . .</b>	----	41	4,190,000.00	5,317,000.00
<b>OTHER NON-CURRENT LIABILITIES</b>				
Postretirement Benefits. . . . .	25	39.2	9,836,804.00	12,025,733.00
Energy Service Loans - Advances. . . . .	----	42	1,886,419.04	1,997,026.45
Energy Service Loans - Other. . . . .	----	43		
<b>Total. . . . .</b>	----	44	11,723,223.04	14,022,759.45
<b>CURRENT AND ACCRUED LIABILITIES</b>				
TVA notes payable. . . . .	26	45.1		
Other notes payable. . . . .	26	45.2		
Accounts payable. . . . .	26	46	8,032,747.11	27,403,590.88
Customer deposits. . . . .	26	47	10,275,291.09	9,893,770.46
Taxes and equivalents accrued. . . . .	29	48		
Interest accrued - RUS. . . . .	23	49		
Interest accrued - CFC. . . . .	23	50		
Interest accrued -CoBank. . . . .	23	51		
Interest accrued -TVA. . . . .	26	52.1		
Interest accrued - other. . . . .	26	52.2	2,070.80	3,008.35
Other current liabilities. . . . .	26	53	1,719,611.43	2,146,913.78
<b>Total. . . . .</b>	----	54	20,029,720.43	39,447,283.47
<b>DEFERRED CREDITS</b>				
Advances for construction - refundable. . . . .	18	55		
Other deferred credits. . . . .	26	56	2,120,140.95	3,328,925.81
<b>Total. . . . .</b>	----	57	2,120,140.95	3,328,925.81
<b>TOTAL LIABILITIES AND OTHER CREDITS. . . . .</b>	----	58	226,032,166.05	242,202,053.41

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

REVENUE AND EXPENSE STATEMENT	SEE PAGE NO	ITEM NO	THIS YEAR	LAST YEAR
<b>OPERATING REVENUE</b>				
Electric sales revenue (page 7, item 332) . . . . .	----	59	173,268,422.12	170,162,410.48
Revenue from late payments. . . . .	----	60	1,052,376.95	1,141,961.67
Misc. service revenue. . . . .	----	61	1,946,990.00	1,876,967.50
Rent from electric property. . . . .	----	62	914,691.70	877,704.35
Other electric revenue. . . . .	----	63		
<b>Total operating revenue. . . . .</b>	----	64	177,182,480.77	174,059,044.00
<b>PURCHASED POWER</b>				
<b>Total power cost (page 7, item 342). . . . .</b>	7	65	143,945,325.07	140,599,718.54
<b>OPERATION EXPENSE</b>				
Transmission expense. . . . .	5	66		
Distribution expense. . . . .	5	67	2,857,519.20	2,635,555.44
Customer accounts expense. . . . .	5	68	2,116,087.50	2,090,536.17
Customer service and informational expense. . . . .	5	69	190,483.31	131,628.31
Sales expense. . . . .	5	70	282,120.48	265,630.13
Administrative and general expense. . . . .	6	71	5,549,894.69	4,206,706.42
<b>Operation expense. . . . .</b>	6	72	10,996,105.18	9,330,056.47
<b>MAINTENANCE EXPENSE</b>				
Transmission expense. . . . .	6	73		
Distribution expense. . . . .	6	74	2,385,412.17	2,072,495.17
Administrative and general expense. . . . .	6	75	398,200.04	314,064.17
<b>Maintenance expense. . . . .</b>	6	76	2,783,612.21	2,386,559.34
<b>OTHER OPERATING EXPENSE</b>				
Depreciation expense. . . . .	12	77	7,912,765.75	7,306,481.44
Amortization of acquisition adjustment. . . . .	13	78	224,926.01	247,048.44
Taxes and tax equivalents. . . . .	29	79	4,312,306.18	4,477,045.87
<b>Other operating expense. . . . .</b>	----	80	12,449,997.94	12,030,575.75
<b>TOTAL OPERATING EXPENSE AND PURCHASED POWER. . . . .</b>	----	81	170,175,040.40	164,346,910.10
<b>INCOME</b>				
Operating income (item 64, less item 81). . . . .	----	82	7,007,440.37	9,712,133.90
Other income. . . . .	16	83	806,789.19	124,657.71
<b>Total income. . . . .</b>	----	84	7,814,229.56	9,836,791.61
Miscellaneous income deductions. . . . .	16	85	36,698.59	26,098.46
<b>Net income before debt expense. . . . .</b>	----	86	7,777,530.97	9,810,693.15
<b>DEBT EXPENSE</b>				
Interest on long-term debt - RUS. . . . .	23	87		
Interest on long-term debt - CFC. . . . .	23	88		
Interest on long-term debt - CoBank. . . . .	23	89		
Interest on long-term debt - other. . . . .	26	90.1	122,903.13	129,871.70
Interest - TVA. . . . .	26	90.2		
Other interest expense. . . . .	----	92	557.99	522.63
Amortization of debt discount and expense. . . . .	----	93	7,259.28	7,259.28
Amortization of premium on debt - credit. . . . .	----	94	(12,000.00)	(12,000.00)
<b>Total debt expense. . . . .</b>	----	95	118,720.40	125,653.61
<b>NET INCOME</b>				
Net income before extraordinary items (item 86, less item 95). . . . .	----	96	7,658,810.57	9,685,039.54
Extraordinary items. . . . .	33	97	(3,167,267.62)	
<b>Net Income. . . . .</b>	2	98	4,491,542.95	9,685,039.54



**STATEMENT OF CASH FLOWS**

Increase (Decrease) in Cash and Cash Equivalents

	THIS YEAR	LAST YEAR
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Net Income. . . . .	4,491,542.95	9,685,039.54
<b>Adjustments to Reconcile Net Income to Net Cash:</b>		
Depreciation. . . . .	8,100,214.33	7,463,028.26
<b>Amortization of:</b>		
Acquisition Adjustment. . . . .	224,926.01	247,048.44
Additions to TVA Leases. . . . .		
Debt Premium or Discount. . . . .	(4,740.72)	(4,740.72)
(Gain) or Loss on Sale of Plant. . . . .		
<b>Changes in Current and Deferred Items:</b>		
Accounts Receivable. . . . .	(19,343.23)	(773,404.67)
Materials and Supplies. . . . .	58,822.01	(284,819.66)
Prepayments and Other Current Assets. . . . .	305,462.17	(480,880.93)
Deferred Debits. . . . .	309,016.85	514,076.36
Accounts Payable. . . . .	(19,370,843.77)	2,936,590.84
Customer Deposits. . . . .	381,520.63	419,958.26
Taxes and Interest Accrued. . . . .	(937.55)	(875.00)
Other Current Liabilities. . . . .	(427,302.35)	57,196.87
Deferred Credits. . . . .	(1,081,533.87)	(299,644.00)
Other: Retained Earnings Adjustment. . . . .	3,391,454.00	(9,632,615.00)
<b>Net Cash Provided by (Used in) Operating Activities. . . . .</b>	<b>(3,641,742.54)</b>	<b>9,845,958.59</b>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:</b>		
Additions to Plant. . . . .	(12,174,497.37)	(18,995,162.76)
Removal Cost. . . . .	(771,253.41)	(579,202.13)
Salvage. . . . .	255,806.72	184,707.91
Net Change in Other Property and Investment. . . . .	(1,256.35)	(552.49)
Energy Service Loans Receivable. . . . .	107,617.14	128,997.03
Plant Sold (Purchased) - Noninstallment Method. . . . .	(26,393.76)	
Deferred Costs on TVA Leases (excluding amortization). . . . .		
Other: Plant Reclasses and Depreciation Other Entries (net). . . . .	3,166,891.21	
<b>Net Cash Provided by (Used in) Investing Activities. . . . .</b>	<b>(9,443,085.82)</b>	<b>(19,261,212.44)</b>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Additional Long-Term Borrowings. . . . .		
Payment of Principal on Long-Term Debt. . . . .	(1,115,000.00)	(1,069,000.00)
Notes Payable. . . . .		
Memberships. . . . .		
Energy Service Loans Advances. . . . .	(110,607.41)	(111,843.48)
Receipt for Plant Sold - Installment Method. . . . .	(126,874.58)	(170,209.58)
Payment for Plant Purchased - Installment Method. . . . .		
Other: Post Retirement Benefit Adjustments. . . . .	(2,188,929.00)	8,857,006.00
<b>Net Cash Provided by (Used in) Financing Activities. . . . .</b>	<b>(3,541,410.99)</b>	<b>7,505,952.94</b>
<b>NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS. . . . .</b>	<b>(16,626,239.35)</b>	<b>(1,909,300.91)</b>
CASH AND TEMPORARY INVESTMENTS BEGINNING OF YEAR. . . . .	61,957,839.65	63,867,140.56
CASH AND TEMPORARY INVESTMENTS END OF YEAR. . . . .	45,331,600.30	61,957,839.65

**NOTE:** Cash and Temporary Cash Investments include cash on hand and in demand deposits, and those investments which are generally a part of the power distributor's short-term cash management activities.

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

*PAYROLL EXPENSES ARE FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.*

ACCT. NO.	DESCRIPTION	EXPENSES		PAYROLL DISTRIBUTION	
		THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
	<b>OPERATING EXPENSE</b>				
	<b>1. TRANSMISSION</b>				
560	Supervision and engineering. . . . .				
561	Load dispatching. . . . .				
562	Station expense. . . . .				
563	Overhead line expense. . . . .				
564	Underground line expense. . . . .				
566	Miscellaneous. . . . .				
567	Rents. . . . .				
(600)	<b>Total transmission operating expense (page 3, item 66).</b>				
	<b>2. DISTRIBUTION</b>				
580	Supervision and engineering. . . . .	172,313.12	163,096.87	144,721.38	131,734.86
581	Load dispatching. . . . .				
582	Station expense. . . . .	383,936.37	295,983.06	66,106.21	99,091.28
583	Overhead line expense. . . . .	194,324.16	235,016.65	190,851.30	199,395.52
584	Underground line expense. . . . .	148,337.59	108,588.65	272,472.24	252,459.80
585	Street lighting and signal system expense. . . . .	236,865.91	128,527.70	213,257.87	111,595.84
586	Meter expense. . . . .	331,304.55	354,211.17	268,751.24	299,384.45
587	Customer installation expense. . . . .	314,255.98	278,418.91	282,661.97	232,837.33
588	Miscellaneous. . . . .	1,004,135.45	997,852.33	678,878.73	634,923.44
589	Rents. . . . .	72,046.07	73,860.10		
(605)	<b>Total distribution operating expense (page 3, item 67).</b>	<b>2,857,519.20</b>	<b>2,635,555.44</b>	<b>2,117,700.94</b>	<b>1,961,422.52</b>
	<b>3. CUSTOMER ACCOUNTS EXPENSE</b>				
901	Supervision. . . . .	130,672.83	108,443.28	127,678.50	105,704.65
902	Meter reading expense. . . . .	10,735.45	8,193.11	9,407.79	7,631.13
903	Customer records and collection expense. . . . .	1,859,252.31	1,888,850.43	893,139.02	942,953.19
904	Uncollectible accounts. . . . .	115,426.91	85,049.35		
905	Miscellaneous. . . . .				
(610)	<b>Total customer accounts expense (page 3, item 68).</b>	<b>2,116,087.50</b>	<b>2,090,536.17</b>	<b>1,030,225.31</b>	<b>1,056,288.97</b>
	<b>4. CUSTOMER SERVICES &amp; INFORMATIONAL EXPENSE</b>				
907	Supervision. . . . .				
908	Customer assistance expense. . . . .	190,483.31	131,628.31	138,033.54	112,600.67
909	Informational and instructional advertising expense. . . . .				
910	Miscellaneous customer service and informational expense. . . . .				
(615)	<b>Total customer services and informational expense (page 3, item 69).</b>	<b>190,483.31</b>	<b>131,628.31</b>	<b>138,033.54</b>	<b>112,600.67</b>
	<b>5. SALES EXPENSE</b>				
911	Supervision. . . . .				
912	Demonstrating and selling expense. . . . .	230,254.78	235,984.19	108,664.43	94,069.60
913	Advertising expense. . . . .	31,865.70	29,645.94		
916	Miscellaneous. . . . .	20,000.00			
(620)	<b>Total sales expense (page 3, item 70).</b>	<b>282,120.48</b>	<b>265,630.13</b>	<b>108,664.43</b>	<b>94,069.60</b>

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

*PAYROLL EXPENSES ARE FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.*

ACCT. NO.	DESCRIPTION	EXPENSES		PAYROLL DISTRIBUTION	
		THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
	<b>6. ADMINISTRATIVE &amp; GENERAL</b>				
920	Administrative and general salaries. . . . .	811,220.79	795,699.46	811,220.79	795,699.46
921	Office supplies and expense. . . . .	526,901.98	381,647.36		323.22
922	Administrative expense transferred - credit*. . . . .				
923	Outside services employed. . . . .	565,026.15	394,278.50		
924	Property insurance. . . . .	378,644.79	364,447.30		
925	Injuries and damages. . . . .	529,154.25	624,034.18	167,314.32	238,542.45
926	Employee pensions and benefits. . . . .	2,832,113.27	1,691,549.40	23,614.87	22,792.14
927	Franchise requirements*. . . . .				
928	Regulatory commission expense*. . . . .				
929	Duplicate charges - credit. . . . .	(190,910.84)	(184,646.27)		
930	Miscellaneous general expense. . . . .	97,744.30	139,696.49	18,000.00	18,000.00
931	Rents. . . . .				
(625)	<b>Total administrative and general expense (page 3, item 71). . . . .</b>	<b>5,549,894.69</b>	<b>4,206,706.42</b>	<b>1,020,149.98</b>	<b>1,075,357.27</b>
(630)	<b>Total operating expense (Page 3 Item 72). . . . .</b>	<b>10,996,105.18</b>	<b>9,330,056.47</b>	<b>4,414,774.20</b>	<b>4,299,739.03</b>
	<b>MAINTENANCE EXPENSE</b>				
	<b>1. TRANSMISSION</b>				
568	Supervision and engineering. . . . .				
569	Maintenance of structures. . . . .				
570	Maintenance of station equipment. . . . .				
571	Maintenance of overhead lines. . . . .				
572	Maintenance of underground lines. . . . .				
573	Miscellaneous. . . . .				
(635)	<b>Total transmission maintenance expense (page 3, item 73). . . . .</b>				
	<b>2. DISTRIBUTION</b>				
590	Supervision and engineering. . . . .	92,961.48	85,415.38	92,771.12	85,519.29
591	Maintenance of structures. . . . .				
592	Maintenance of station equipment. . . . .	197,609.08	214,231.49	163,125.16	188,707.32
593	Maintenance of overhead lines. . . . .	1,470,437.43	1,157,592.43	445,000.46	401,982.58
594	Maintenance of underground lines. . . . .	406,102.60	385,527.80	177,080.86	135,151.15
595	Maintenance of line transformers. . . . .	37,398.75	39,561.50		12,324.52
596	Street lighting and signal systems. . . . .	83,133.37	116,456.60	75,195.01	106,977.02
597	Maintenance of meters. . . . .	89,433.04	72,880.11	80,829.48	67,840.82
598	Maintenance of miscellaneous distribution plant. . . . .	8,336.42	829.86	6,918.38	746.87
(640)	<b>Total distribution maintenance expense (page 3, item 74). . . . .</b>	<b>2,385,412.17</b>	<b>2,072,495.17</b>	<b>1,040,920.47</b>	<b>999,249.57</b>
	<b>3. ADMINISTRATIVE &amp; GENERAL</b>				
935	Maintenance of general plant (page 3, items 75). . . . .	398,200.04	314,064.17	186.85	5,688.75
(645)	<b>Total maintenance expense (page 3, item 76). . . . .</b>	<b>2,783,612.21</b>	<b>2,386,559.34</b>	<b>1,041,107.32</b>	<b>1,004,938.32</b>
(650)	<b>Total operating and maintenance expense. . . . .</b>	<b>13,779,717.39</b>	<b>11,716,615.81</b>	<b>5,455,881.52</b>	<b>5,304,677.35</b>
(655)	Total direct and indirect payroll charged to construction and retirements. . . . .			1,398,462.37	1,386,762.55
(660)	Payroll charged to other accounts. . . . .			421,998.82	446,713.54
(662)	Fiscal year net change in accrued leave account - (increase) decrease. . . . .			87,242.50	(33,838.01)
(665)	<b>Total payroll distribution for year. . . . .</b>			<b>7,363,585.21</b>	<b>7,104,315.43</b>

\*FURNISH DETAILS OF THESE ACCOUNTS ON PAGES 32 AND 33.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SALES AND LOCAL TAX SECTION AND ITEMS 720, 725 & 730 ARE FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.**

**STATISTICAL DATA**

CLASS OF SERVICE	ITEM NO	REVENUE		ITEM NO	KILOWATT-HOURS SOLD	
		THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
Residential. . . . .	100	82,026,053.75	79,845,737.74	107	800,124,003	787,260,805
Gen. Power - 50 kW & under. . . . .	101	15,677,924.65	15,469,867.20	108	134,956,014	134,523,950
Gen. Power - Over 50 kW. . . . .	102	73,449,255.57	71,332,500.32	109	866,163,960	848,687,886
Street and athletic - Codes 72, 73 & 74. . . . .	103	2,105,091.55	2,031,094.35	110	16,475,700	16,017,385
Outdoor lighting - Codes 75, 77 & 78. . . . .	104	327,833.92	325,845.37	111	2,336,483	2,309,040
<b>Subtotal. . . . .</b>	330	173,586,159.44	169,005,044.98			
Unbilled revenue*. . . . .	331	(317,737.32)	1,157,365.50			
<b>Total (page 3, item 59). . . . .</b>	332	173,268,422.12	170,162,410.48	335	1,820,056,160	1,788,799,066
Kilowatt-hours for own use. . . . .				113	1,806,004	1,828,583
<b>Total kilowatt-hours sold and used. . . . .</b>				114	1,821,862,164	1,790,627,649
Kilowatt-hours in unbilled revenue (items 331) above*. . . . .				336	42,080,699	46,283,863

**STATE SALES TAX**

State and local sales tax on above revenue. . . . .

TN	3,752,091.73
<b>Total</b>	<b>3,752,091.73</b>

AMOUNTS EXCLUDED FROM RATE SCHEDULE REVENUE	Credits	Green Power Revenue
Green Power-Res	N/A	\$ 8,036.00
Green Power-GP < 50kW	N/A	\$ 720.00
Green Power-GP > 50kW	N/A	\$ 52,400.00
Gen Partners-Res	\$ 11,749.11	N/A
Gen Partners-GP < 50kW	\$ 63,311.09	N/A
Gen Partners-GP > 50kW	\$ 2,076.81	N/A
SMC	\$ 1,386,737.50	N/A
EGC	\$ 7,747.20	N/A
VCP	N/A	N/A
VII	\$ 1,577,225.10	N/A

**PURCHASED POWER**

	ITEM NO	AMOUNT		ITEM NO	KILOWATT-HOURS PURCHASED	
		THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
TVA						
Purchased Power. . . . .	115	143,945,325.07	140,599,718.54	119	1,864,671,727	1,847,177,263
Facilities Rental. . . . .	116					
Other Charges/Credits. . . . .	117					
<b>Total from TVA. . . . .</b>	118	143,945,325.07	140,599,718.54	122	1,864,671,727	1,847,177,263
Other Purchased Power**. . . . .	218			222		
<b>Subtotal. . . . .</b>	340	143,945,325.07	140,599,718.54			
Unbilled Purchases*. . . . .	341					
<b>Total (page 3, item 65). . . . .</b>	342	143,945,325.07	140,599,718.54	345	1,864,671,727	1,847,177,263
Less kilowatt hours sold and used (item 114). . . . .				123	1,821,862,164	1,790,627,649
Line losses and kilowatt-hours unaccounted for. . . . .				124	42,809,563	56,549,614
Percent of losses to purchases (2 decimal places). . . . .				125	2.30	3.06
Kilowatt-hours in unbilled purchases (Item 341) above*. . . . .				346		

\*\*Purchased other power under contract number \_\_\_\_\_ from \_\_\_\_\_

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PAGE 7a

**SALES AND LOCAL TAX SECTION AND ITEMS 720, 725 & 730 ARE FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.**

NUMBER OF CUSTOMERS			MISCELLANEOUS DATA		
CLASS OF SERVICE	MONTH OF JUNE		Pole Line Miles: (2 decimal places). (715)	THIS YEAR	LAST YEAR
	THIS YEAR	LAST YEAR		786.87	756.99
Residential. . . . . (675)	59,061	56,918	<b>Individual Outdoor Lts.</b>		
Gen. Power - 50 kW & under. . . (680)	6,347	6,285	No. in plant. . . . . (720)	2,471	2,436
Gen. Power - Over 50 kW. . . . (685)	1,029	1,042	Total investment. . . . . (725)	1,281,852.79	1,222,163.07
Street and athletic - Codes 72, 73 & 74. . (690)	75	70	O&M expense. . . . . (730)	1,803.33	
Outdoor Lighting - Code 78. . . . . (693)	77	72			
<b>Total. . . . . (695)</b>	<b>66,589</b>	<b>64,387</b>	St. Ltg-Invest. Base. . . (735)	11,233,831.15	10,350,138.61
Special Outdoor Lighting - Code 75. . . . 696			O&M expense. . . . . (740)	319,999.28	244,984.30
Outdoor Lighting - Code 77. . . . (697)	792	2,110	Lamps & Glassware. . . (745)	7,105.38	5,225.46

\*Item nos. 331, 336, 341, and 346 are to be filled in only if distributor chooses the option to estimate unbilled electric sales.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**MODIFIED STREET LIGHTING COMPUTATION**

Give computation of modified street lighting rate relative to lamps and glassware by customers, if applicable:

TOWN	COST OF LAMPS AND GLASSWARE	KWH	ALLOWANCE	EXCESS TO BE BILLED
		FROM STAT. REPT.	KWH X .003	
Murfreesboro	7,105.38	14,063,867	42,191.60	
<b>TOTAL:</b>	7,105.38	14,063,867	42,191.60	

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ELECTRIC PLANT							
ACCT. NO.		BALANCE BEG. OF YEAR	ADDITIONS	RETIREMENTS	RECLASSIFICATIONS		BALANCE END OF YEAR
					DEBIT	CREDIT	
	<b>INTANGIBLE</b>						
301	Organization. . . . .						
302	Franchises and consents. . . . .						
303	Miscellaneous. . . . .						
(750)	<b>Total intangible. . . . .</b>						
	<b>PRODUCTION</b>						
755	<b>Total production. . . . .</b>						
	<b>TRANSMISSION</b>						
350	Land and land rights. . . . .						
351	Clearing land and rights of way. . . . .						
352	Structures and improvements. . . . .						
353	Station equipment. . . . .						
354	Towers and fixtures. . . . .						
355	Poles and fixtures. . . . .						
356	Overhead conductors and devices. . . . .						
357	Underground conduit. . . . .						
358	Underground conductors and devices. . . . .						
359	Roads and trails. . . . .						
(760)	<b>Total transmission. . . . .</b>						
	<b>DISTRIBUTION</b>						
360	Land and land rights. . . . .	1,372,169.11					1,372,169.11
361	Structures and improvements. . . . .						
362	Station equipment. . . . .	57,055,846.61	1,898,066.49	230,286.95			58,723,626.15
363	Storage battery equipment. . . . .						
364	Poles, towers, and fixtures. . . . .	16,117,313.66	1,245,789.09	405,315.91	508.26		16,958,295.10
365	Overhead conductors and devices. . . . .	16,995,319.59	863,233.09	167,664.95	123.76		17,691,011.49
366	Underground conduit. . . . .	9,146,623.25	644,685.99	45,495.63			9,745,813.61
367	Underground conductors and devices. . . . .	38,256,284.84	2,265,725.78	241,540.85			40,280,469.77
368	Line transformers. . . . .	34,926,639.81	1,742,551.04	380,888.08			36,288,302.77
369	Services. . . . .	5,891,130.89	386,690.28	22,364.45	309.81		6,255,766.53
370	Meters. . . . .	12,495,336.96	5,173,981.31	3,339,769.28			14,329,548.99
371	Inst. on customers' premises. . . . .	1,278,555.34	82,113.85	59,460.34			1,301,208.85
372	Leased prop. on cust. premises. . . . .						
373	St. lighting and signal systems. . . . .	10,448,146.95	1,159,617.65	275,925.11			11,331,839.49
(765)	<b>Total distribution. . . . .</b>	<b>203,983,367.01</b>	<b>15,462,454.57</b>	<b>5,168,711.55</b>	<b>941.83</b>		<b>214,278,051.86</b>

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PAGE 10

ELECTRIC PLANT							
ACCT. NO.	GENERAL	BALANCE BEG. OF YEAR	ADDITIONS	RETIREMENTS	RECLASSIFICATIONS		BALANCE END OF YEAR
					DEBIT	CREDIT	
389	Land and land rights. . . . .	494,845.83					494,845.83
390	Structures and improvements. . . . .	3,054,912.62	101,421.23	136,234.91			3,020,098.94
391	Office furniture and equipment. . . . .	1,874,913.97	111,105.33	232,804.03			1,753,215.27
392	Transportation equipment. . . . .	3,206,565.10	594,423.32	228,796.00			3,572,192.42
393	Stores equipment. . . . .	104,164.98	1,407.00				105,571.98
394	Tools, shop, and garage equip.. . . .	173,088.18	21,900.26	1,035.00			193,953.44
395	Laboratory equipment. . . . .	162,801.84	22,219.35	8,970.00			176,051.19
396	Power operated equipment. . . . .						
397	Communication equipment. . . . .	615,768.72					615,768.72
398	Miscellaneous equipment. . . . .	119,575.51	4,175.00				123,750.51
399	Other tangible property. . . . .						
(770)	<b>Total general. . . . .</b>	<b>9,806,636.75</b>	<b>856,651.49</b>	<b>607,839.94</b>			<b>10,055,448.30</b>
101	<b>Total plant in service. . . . .</b>	<b>213,790,003.76</b>	<b>16,319,106.06</b>	<b>5,776,551.49</b>	<b>941.83</b>		<b>224,333,500.16</b>
102	Electric plant purchased or sold. . . . .						
104	Electric plant leased to others. . . . .						
105	Electric plant for future use. . . . .						
107	Construction work in progress. . . . .	5,606,563.74	(4,144,608.69)				1,461,955.05
(775)	<b>Total other electric plant. . . . .</b>	<b>5,606,563.74</b>	<b>(4,144,608.69)</b>				<b>1,461,955.05</b>
(780)	<b>Total electric plant (page 1, item 1). . . . .</b>	<b>219,396,567.50</b>	<b>12,174,497.37</b>	<b>5,776,551.49</b>	<b>941.83</b>		<b>225,795,455.21</b>
			(Item 140)				
	<b>RESERVES</b>						
108	Accumulated provision for depreciation of electric plant in service. . . . .					71,990,538.94	
109	Accumulated provision for depreciation of electric plant leased to others. . . . .						
110	Accumulated provision for depreciation of electric plant held for future use. . . . .						
	<b>Total accumulated provision for depreciation (page 1, item 2 and page 11). . . . .</b>					<b>71,990,538.94</b>	
	<b>Total electric plant, less accumulated provision for depreciation (page 1, item 3). . . . .</b>						<b>153,804,916.27</b>
<b>Reclassification Columns</b> Includes major corrections to prior years additions and retirements, transfers between accounts classified in prior years, and classification of plant purchased and/or sold.				<b>Explanations of entries shown in the Reclassification Columns:</b> Reclassification entries for Distribution Plant Accounts are for annexation from Middle Tennessee Electric Membership Cooperation.			



# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

*DEPRECIATION RATES ARE FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.*

## ACCUMULATED PROVISION FOR DEPRECIATION (Page 10)

ACCT. NO.	DEPR. RATE	BALANCE BEG. OF YEAR	ACCRUAL	ORIGINAL COST	REMOVAL COST	SALVAGE	OTHER ENTRIES*		BALANCE END OF YEAR	% DEPR.
							DEBIT	CREDIT		
350										
351										
352										
353										
354										
355										
356										
357										
358										
359										
<b>(785) TOTAL</b>										
360										
361										
362	4.00	20,225,592.74	2,265,961.39	230,286.95	15,414.70				22,245,852.48	38
363										
364	4.00	4,326,960.37	648,439.54	405,315.91	281,111.73	47,371.28		299.36	4,336,642.91	26
365	2.75	4,094,301.32	469,198.63	167,664.95	90,000.67	39,090.82		60.89	4,344,986.04	25
366	4.00	4,170,693.20	369,831.83	45,495.63	34,426.86	4,480.26			4,465,082.80	46
367	4.00	13,880,034.90	1,546,995.37	241,540.85	95,403.70	37,429.18			15,127,514.90	38
368	2.75	8,748,056.30	978,493.78	380,888.08	108,205.38	42,848.52			9,280,305.14	26
369	3.50	3,014,775.81	211,133.84	22,364.45	25,719.69	9,895.87		205.17	3,187,926.55	51
370	5.00	762,389.84	668,309.98	3,339,769.28	102.85	25,610.50		3,167,267.62	1,283,705.81	9
371	5.00	206,333.75	64,598.84	59,460.34	30,236.83	1,521.42			182,756.84	14
372										
373	4.00	2,216,505.25	425,061.99	275,925.11	88,361.41	9,339.50			2,286,620.22	20
<b>(790) TOTAL</b>		<b>61,645,643.48</b>	<b>7,648,025.19</b>	<b>5,168,711.55</b>	<b>768,983.82</b>	<b>217,587.35</b>		<b>3,167,833.04</b>	<b>66,741,393.69</b>	<b>31</b>
389										
390	3.00	2,025,002.05	92,058.72	136,234.91	2,269.59				1,978,556.27	66
391	VAR	1,223,334.91	83,496.38	232,804.03		18.25			1,074,045.51	61
392	VAR	1,291,945.37	187,448.58	228,796.00		38,101.12			1,288,699.07	36
393	8.00	101,435.73	374.34						101,810.07	96
394	8.00	120,728.79	6,564.10	1,035.00					126,257.89	65
395	8.00	96,095.81	8,380.45	8,970.00					95,506.26	54
396										
397	10.00	448,156.21	61,574.40						509,730.61	83
398	10.00	62,147.40	12,292.17			100.00			74,539.57	60
399										
<b>(795) TOTAL</b>		<b>5,368,846.27</b>	<b>452,189.14</b>	<b>607,839.94</b>	<b>2,269.59</b>	<b>38,219.37</b>			<b>5,249,145.25</b>	<b>52</b>
<b>(800) OTHER</b>										
<b>(805) TOTALS</b>		<b>67,014,489.75</b>	<b>8,100,214.33</b>	<b>5,776,551.49</b>	<b>771,253.41</b>	<b>255,806.72</b>		<b>3,167,833.04</b>	<b>71,990,538.94</b>	<b>32</b>

(Item 142)

(Item 138)

\*Use other entries to report depreciation on property purchased, classifying accruals, unusual entries - explain on page 33.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**ACCUMULATED PROVISION FOR DEPRECIATION - CONTINUED**

Depreciation expense (403 and 404) (page 3, item 77) . . . . .	(810)	7,912,765.75
Depreciation charged to transportation expense - clearing. . . . .	(815)	187,448.58
Depreciation charged to building expense - clearing. . . . .	(820)	
Depreciation charged to other accounts (list each account number). . . . .	(825)	
	(830)	
	(835)	
	(840)	
<b>Total accrual (page 11) . . . . .</b>	<b>(Item 128)</b>	<b>8,100,214.33</b>

**Explanations (continue on page 33 if necessary)**

Other entries for Distribution Plant Accounts 364, 365, and 369 are for annexation from Middle Tennessee Electric Membership Cooperation.

Other entries for Distribution Plant Account 370 is to record the undepreciated value of retired residential meters replaced with meter with disconnects under glass.

ELECTRIC PLANT ACQUISITION ADJUSTMENTS (Account 114)	
DESCRIPTION	AMOUNT
Balance beginning of year . . . . .	1,083,491.78
Additions during year (as below) . . . . .	26,017.35
<b>Total.</b> . . . . .	1,109,509.13
Charged to expense (Account 406) (page 3, item 78). . . . .	224,926.01
Other reductions (explain below). . . . .	
<b>Balance end of year (page 1, item 4).</b> . . . . .	884,583.12

ELECTRIC PLANT PURCHASED THIS YEAR*			
From whom property acquired (abbreviate) . . . . .	MTEM		TOTAL
Date acquired. . . . .	8/31/2018		
Original cost. . . . .	941.83		941.83
Corrections to date. . . . .			
<b>Total original cost. . . . .</b>	<b>941.83</b>		<b>941.83</b>
Depreciation reserve at acquisition. . . . .	565.42		565.42
Corrections to date. . . . .			
<b>Total depreciation reserve. . . . .</b>	<b>565.42</b>		<b>565.42</b>
Base contract purchase price. . . . .	26,393.76		26,393.76
Net additions. . . . .			
Acquisition expense. . . . .			
Other (explain below). . . . .			
<b>Total purchase cost . . . . . (Item 141).</b>	<b>26,393.76</b>		<b>26,393.76</b>
Acquisition adjustment (purchase cost, less original cost, net of depreciation).	26,017.35		26,017.35

\*If the original cost and depreciation at acquisition have not been determined for plant purchased this year, report the purchase information only and complete the schedule in the year the purchased plant is classified.

## EXPLANATIONS

**Give the method of amortizing the acquisition adjustment and other information as required:**

### CLASSIFICATION OF ELECTRIC PLANT PURCHASED OR SOLD

Furnish aging of plant purchased and sold on separate worksheet

ELECTRIC PLANT PURCHASED				ELECTRIC PLANT SOLD			
ACCT. NO.	ORIGINAL COST	DEPRECIATION RESERVE	NET PLANT	ACCT. NO.	ORIGINAL COST	DEPRECIATION RESERVE	NET PLANT
Total				Total			

GAIN OR LOSS ON SALE OF ELECTRIC PLANT	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
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13	
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99	
100	

Selling price ..... (Item 130) . . . . .	
Less net plant sold (as above) . . . . .	
Difference. . . . .	
Less selling expense ..... (Item 131) . . . . .	
Gain or loss on sale ..... (Item 129) . . . . .	

[illegible]

**PAGE 14a**

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NONUTILITY PROPERTY SECTION IS FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.**

PAGE 15

SPECIAL FUNDS					
	ACCOUNT 125	ACCOUNT 126	ACCOUNT 128		
	TOTAL SINKING FUNDS	DEPRECIATION FUNDS	CONSTRUCTION FUNDS	TOTAL OTHER SPECIAL FUNDS	TOTAL OF ALL SPECIAL FUNDS
Cash included in fund end of year. . . . .	32,941.38		678,932.39		711,873.77
Investments in fund end of year (page 14). . . . .					
Balance of fund end of year (page 1). . . . .	32,941.38		678,932.39		711,873.77
	(page 1, item 9)	(page 1, item 10)	(page 1, item 12)		
Minimum balance required*. . . . .					
Authority creating fund**	Management		Management		
<p>* Explain difference if fund balance is less than minimum required.  ** State whether fund is required by bond contract, board action, etc.</p> <p><b>Total Sinking</b>  Electric System Revenue and Tax Refunding Bonds, Series 2009: Bond covenants do not require sinking fund/minimum balance. Management has decided to maintain sinking fund for current year's principal and interest.</p> <p><b>Depreciation</b></p> <p><b>Construction</b>  No minimum balance required. Management created a reserve fund.</p> <p><b>Other</b></p>					
<p>Note: Report all debt service funds as sinking funds.  Report all funds for renewals and replacements as depreciation funds.</p>					
<b>NONUTILITY PROPERTY (Account 121)</b>					
DESCRIPTION AND LOCATION OF PROPERTY			DATE ACQUIRED	BOOK COST	NET INCOME (ACCOUNT 418)
Total. . . . .					
Less accumulated provision for depreciation (account 122). . . . .					
Total net of depreciation (page 1, item 7). . . . .					(page 16)

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PAGE 16

**INVESTMENT PROCEDURES SECTION IS FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.**

ACCT. NO.	OTHER INCOME	
415	Revenue from merchandising, jobbing, etc. ....	
416	Cost and expense of merchandising, etc. ....	
417*	Income from nonutility operations - net of expense. ....	
418	Nonoperating rental income - net of expense (page 15). ....	
419	Interest and dividend income (page 14). ....	806,789.19
419.1	Interest charged to construction. ....	
421*	Misc. nonoperating income - net of expense. ....	
(845)	<b>Total other income (page 3, item 83). ....</b>	<b>806,789.19</b>

\*Explain these items briefly:                      417    421

ACCT. NO.	MISCELLANEOUS INCOME DEDUCTIONS	
425*	Miscellaneous amortization. ....	
426*	Miscellaneous income deductions. ....	36,698.59
(850)	<b>Total misc. income deductions (page 3, item 85). ....</b>	<b>36,698.59</b>

\*Explain these items briefly:                      425    426

Labor and Overheads not billed for Hurricane Storms - \$29,150.27  
Middle Tennessee State University Scholarships - \$6,000.00  
Rutherford Chamber - Capitol Connection Sponsorship - \$500.00  
United Way - Corporate Sponsorship - \$500.00  
Cystic Fibrosis Foundation - \$250.00  
Donations to United Way Baby Shower - \$198.32  
Pastoral Services for Employee Memorial Service - \$100.00

**INVESTMENT PROCEDURES**

Are investments in excess of \$100,000 secured?      ☒ Yes      ☐ No      If yes, how?  
State of Tennessee Bank Collateral Pool, State, City, and County Government bonds and Federal National Mortgage Association notes.

ACCT. NO.	RECEIVABLES	
141	Notes receivable (Explain on page 33). ....	
142	Customer accounts receivable. ....	13,169,996.44
143	Other accounts receivable. ....	1,021,160.22
146	Accounts receivable municipality (Explain on page 33 if over 45 days past due). ....	
	<b>Total. ....</b>	<b>14,191,156.66</b>
144	Accumulated provision for uncollectible accounts. ....	
	Accounts receivable net of reserve (page 1, item 15). ....	14,191,156.66

**AGE OF RECEIVABLES AT JUNE 30**

	ACCOUNT 141	ACCOUNT 142	ACCOUNT 143	ACCOUNT 146
Accounts with credit balances. ....		428,025.56		
Due after June 30. ....		13,422,256.56	347,511.03	
From 1 to 30 days past due. ....		154,276.88	119,584.24	
From 31 to 60 days past due. ....		13,989.38	21,844.96	
From 61 to 90 days past due. ....		7,499.18	41,770.55	
Over 90 days past due. ....			490,449.44	
<b>Totals (as above). ....</b>		<b>13,169,996.44</b>	<b>1,021,160.22</b>	

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

ACCT. NO.	MATERIALS AND SUPPLIES	
154	Plant materials and operating supplies. . . . .	2,308,064.79
155	Merchandise. . . . .	
156	Other materials and supplies. . . . .	
163	Stores expense undistributed. . . . .	13,381.86
(855)	<b>Total materials and supplies (page 1, item 16).</b> . . . . .	<b>2,321,446.65</b>
Give dates of physical inventories this year: <u>05/31/2019</u> <b>Total of adjustments: \$</b> _____ <b>over, or \$</b> <u>50,088.96</u> <b>short</b>		
<b>PREPAYMENTS - Account No. 165</b>		
	Prepaid insurance. . . . .	
	Prepaid employee pension plan. . . . .	895,818.00
	Prepaid taxes (page 29). . . . .	
	Prepaid rents. . . . .	
	Other prepayments. . . . .	134,332.77
	<b>Total prepayments (page 1, item 17).</b> . . . . .	<b>1,030,150.77</b>
<b>OTHER CURRENT ASSETS</b>		
171	Interest and dividends receivable. . . . .	
172	Rents receivable. . . . .	118,554.12
173	Accrued utility revenue. . . . .	4,091,835.46
174	Miscellaneous current and accrued assets. . . . .	
	<b>Total other current assets (page 1, item 18).</b> . . . . .	<b>4,210,389.58</b>
<b>DEFERRED DEBITS</b>		
181	Unamortized debt expense (page 1, item 20). . . . .	
Give method and period of amortization:		
186	Deferred costs on TVA leases (page 1, item 25)	
	Additions	
	Removal Costs	
	Salvage	
	Accumulated Amortization	
	<b>Total as above</b>	
186	Miscellaneous deferred debits (page 1, item 26)	1,724,382.80
List of Items:		
	Receivables from plant sales (item 148)	
	Other items (list):	
	Employee Heat Pump Loans - Non-Interest Bearing	34,612.32
	Unamortized Loss on Reacquired Debt	13,912.48
	Outflows of Resources - Pension Funding	1,675,858.00
	<b>Total as above</b>	<b>1,724,382.80</b>



**PAGE 18**

\*Please list the FERC account numbers and amounts credited when advances were confiscated:

No contributions in aid of construction refundable as of January 1, 1985.

The nonrefundable contribution in aid of construction policy is as follows:

Residential - The developer will pay \$5.00 per foot of road frontage for each lot in the development with a minimum cost of \$250 on each individual lot for underground utilities. Commercial - The developer will pay \$23.50 per foot for road footage for any required unerground feeder lines less than 400 amp. Any feeder over 400 amp required to go underground will require a negotiated fee from MED.

107	\$1,347,513.75
-----	----------------

PROPERTY OR CONTINGENCY COVERED	HAZARD INSURED AGAINST	AMOUNT OF COVERAGE
Employee Injury	Worker's Compensation	Statutory
Public Liability	Bodily Injury	3,000,000 Aggregate
Public Liability	Property Damage	1,000,000 Occurrenc
Excess Public Liability	Catastrophes	5,000,000
Automobiles and Trucks	Property Damage & Bodily Injury	1,000,000
Buildings and Contents	Property Damage	12,245,730
Theft and Embezzlement	Crime	500,000
Directors and Officers	Personal Liability	1,000,000
Other: Substations	Property Damage	77,768,000
Equipment Breakdown	Machinery and Equipment	50,000,000
Pollution Liability	Pollution Conditions	1,000,000
Cyber and Privacy Protection	Privacy, System Damage, Computer Crime	2,000,000

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SUMMARY OF LONG-TERM DEBT AND NOTES PAYABLE						
<b>DETAILS REGARDING BONDS ON PAGE</b>						
<b>MATURITIES: MONTH AND DAY</b> 100	6/1		5/25			
<b>NAME OF ISSUE</b> 200	Electric System Revenue and Tax Funding Bonds, Series 2009		TMBF Adjustable Rate Tennessee County Loan Pool, Series 2006			
CALENDAR YEAR	MATURITIES	INTEREST RATE	MATURITIES	INTEREST RATE	MATURITIES	INTEREST RATE
2019						
2020	370,000.00	3.25	793,000.00			
2021	380,000.00	3.38	832,000.00			
2022			874,000.00			
2023			918,000.00			
2024						
2025						
2026						
2027						
2028						
2029						
2030						
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2061						
2062						
2063						
<b>OUTSTANDING END OF YEAR</b> 300	750,000.00		3,417,000.00			

Use a separate column for each issue. If municipality has an RUS loan, show all maturities for each allotment and deduct the unadvanced portion after the last maturity. Prepare a total column for RUS maturities separate from other long-term debt.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

PAGE 20

SUMMARY OF LONG-TERM DEBT AND NOTES PAYABLE					
DETAILS REGARDING BONDS ON PAGE					
MATURITIES: MONTH AND DAY 100					
NAME OF ISSUE 200					
CALENDAR YEAR	MATURITIES	INTEREST RATE	MATURITIES	INTEREST RATE	TOTAL MATURITIES
2019					
2020					1,163,000.00
2021					1,212,000.00
2022					874,000.00
2023					918,000.00
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
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2063					
OUTSTANDING END OF YEAR 300					4,167,000.00

Use a separate column for each issue. If municipality has an RUS loan, show all maturities for each allotment and deduct the unadvanced portion after the last maturity. Prepare a total column for RUS maturities separate from other long-term debt.

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

## SUMMARY OF LONG-TERM DEBT - RUS

NOTE NUMBER	DATE OF NOTE	INT. RATE	TERM OF NOTE (YR)	DATE REPAYMENTS BEGIN MO/YEAR	AMOUNT OF ALLOTMENT	BALANCE DUE ON ALLOTMENT (ACCOUNT 224.2)	AMOUNT REPAID THIS YEAR			OUTSTANDING END OF YEAR EXCLUDING CUSHION OF CREDIT
							PRINCIPAL	INTEREST	DEFERRED INTEREST	
01-				/						
02-				/						
03-				/						
04-				/						
05-				/						
06-				/						
07-				/						
08-				/						
09-				/						
10-				/						
11-				/						
12-				/						
13-				/						
14-				/						
15-				/						
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32-				/						
33-				/						
34-				/						
35-				/						
36-				/						
37-				/						
38-				/						
39-				/						
40-				/						
<b>(860) Total. ....</b>										
List Note Numbers Paid Monthly: _____										

\*EXCLUDING CUSHION OF CREDIT.

# Murfreesboro Electric Department

REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

## SUMMARY OF LONG-TERM DEBT - CFC AND/OR COBANK

NOTE NUMBER	DATE OF NOTE	INT. RATE	CFC OR COBANK	TERM OF NOTE (YR)	AMOUNT OF LOAN APPROVED	UNADVANCED LOAN	AMT REPAYED THIS YEAR FOR REGULAR BILLINGS		OUTSTANDING END OF YEAR	RUS LOAN SUPPLEMENTED	
							PRINCIPAL	INTEREST		NOTE NUMBER	%
01-											
02-											
03-											
04-											
05-											
06-											
07-											
08-											
09-											
10-											
11-											
12-											
13-											
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31-											
32-											
33-											
34-											
35-											
36-											
37-											
38-											
39-											
40-											
41-											
<b>(865) Total. ....</b>											

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>LONG-TERM DEBT - RUS</b>		
<b>ACCT.</b>	<b>PRINCIPAL DATA</b>	<b>AMOUNT</b>
224.1	Long-term debt - RUS. ....	
224.2	Unadvanced RUS allotment - debit (page 21) . ....	
224.3	Deferred interest - RUS. ....	
224.4	Long-term debt - RUS - matured and deferred. ....	
224.5	Cushion of credit - RUS - debit. ....	
Net balance due RUS as above (page 2, item 36). ....		
Total additions to RUS long-term debt this year. .... (Item 132)		
Repayments for the year excluding advance payments. .... (Item 143)		
<b>INTEREST ACCRUED - RUS (Account 237.1)</b>		
		<b>AMOUNT</b>
Balance beginning of year (matured \$.00). ....		
Accrued during year (Account 427.1) (page 3, item 87) (page 26 summary). ....		
Repayments this year. ....		
Balance end of year (matured \$.00) (page 2, item 49)(page 26 summary). ....		
<b>LONG-TERM DEBT - CFC</b>		
<b>ACCT.</b>	<b>PRINCIPAL DATA</b>	<b>AMOUNT</b>
223.1	Subscriptions to CFC capital term certificates - debit. ....	
223.2	Unpaid subscriptions to CFC capital term certificates - credit. ....	
223.4	CFC loan approved - unadvanced - debit (page 22). ....	
223.5	Long-term debt - CFC credit. ....	
223.61	Patronage capital certificates - debit. ....	
223.62	Deferred patronage dividends - credit. ....	
Net CFC account (account 223) ( page 2, item 37). ....		
Total additions to CFC long-term debt this year. .... (Item 135)		
Repayments for the year excluding advance payments. .... (Item 144)		
<b>INTEREST ACCRUED - CFC (Account 237.2)</b>		
		<b>AMOUNT</b>
Balance beginning of year (matured \$.00). ....		
Accrued during year (Account 427.1) (page 3, item 88) (page 26 summary). ....		
Repayments this year. ....		
Balance end of year (matured \$.00) (page 2, item 50)(page 26 summary). ....		
<b>LONG-TERM DEBT - COBANK</b>		
<b>ACCT.</b>	<b>PRINCIPAL DATA</b>	<b>AMOUNT</b>
229.10	Long Term Debt - CoBank - credit. ....	
229.20	Unadvanced allotment - CoBank - debit. ....	
229.30	Subscription to class "C" stock - CoBank - debit. ....	
229.40	Unpaid subscription to class "C" stock - CoBank - credit. ....	
229.50	Allocated earnings receivable - CoBank - debit. ....	
229.51	Allocated earnings deferred - CoBank - credit. ....	
Net CoBank account (account 229) (page 2, item 38). ....		
Amount received on allotment this year. .... (Item 136)		
Repayments this year. .... (Item 145)		
<b>INTEREST ACCRUED - COBANK (Account 237.6)</b>		
		<b>AMOUNT</b>
Balance beginning of year (matured \$.00). ....		
Accrued during year (Account 427.4) (page 3, item 89) (page 26 summary). ....		
Repayments this year. ....		
Balance end of year (matured \$.00) (page 2, item 51)(page 26 summary). ....		

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**PAGE 24**

**BONDS (Account 221) AND OTHER LONG-TERM DEBT (Account 228)**

Name of issue: TMBF Adjustable Rate Tennessee County Loan Pool, Series 2006

Date of issue: 12/27/2007 Amount of original issue: \$ 10,000,000.00

Discount: \$ \_\_\_\_\_ Premium: \$ \_\_\_\_\_

Interest due dates: Monthly Principal due dates: 5\25 Annually

Revenue or general obligation bonds: Other - 228

Purpose of issue: To finance the cost of constructing, repairing, improving and extending the electrical distribution system of the Municipality and the acquisition of all property real and personal appurtenant thereto and connected with such work. (interest rate varies)

PRINCIPAL DATA		INTEREST ACCRUED	
Balance beginning of year. ....	4,172,000.00	Accrued beginning of year. ....	
Issued during year. ....		Accrued during year (427.3). ....	87,740.68
Total. ....	4,172,000.00	Total. ....	87,740.68
Bonds retired this year. ....	755,000.00	Payments during year. ....	87,740.68
Balance end of year. ....	3,417,000.00	Balance end of Year. ....	
Including matured of (239). ....		Including matured of (240). ....	
Balance less matured (221). ....	3,417,000.00	Balance less matured (237.3). ....	

Name of issue: Electric System Revenue and Tax Funding Bonds, Series 2009

Date of issue: 09/30/2009 Amount of original issue: \$ 15,445,000.00

Discount: \$ \_\_\_\_\_ Premium: \$ 139,999.20

Interest due dates: 12\1 Semi Annual Principal due dates: 6\1 Annually

Revenue or general obligation bonds: Revenue - Refund - 221

Purpose of issue: To prepay and refund the outstanding principal on three variable rate TMBF loans dated January 29, 2008, refund the outstanding principal of the Electric Refunding and Improvement Bonds, Series 1999 and paying cost incident to the issuance.

PRINCIPAL DATA		INTEREST ACCRUED	
Balance beginning of year. ....	1,110,000.00	Accrued beginning of year. ....	3,008.35
Issued during year. ....		Accrued during year (427.3). ....	35,162.45
Total. ....	1,110,000.00	Total. ....	38,170.80
Bonds retired this year. ....	360,000.00	Payments during year. ....	36,100.00
Balance end of year. ....	750,000.00	Balance end of Year. ....	2,070.80
Including matured of (239). ....		Including matured of (240). ....	
Balance less matured (221). ....	750,000.00	Balance less matured (237.3). ....	2,070.80

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**BONDS (Account 221) AND OTHER LONG-TERM DEBT (Account 228)**

Name of issue: \_\_\_\_\_

Date of issue: \_\_\_\_\_ Amount of original issue: \$ \_\_\_\_\_

Discount: \$ \_\_\_\_\_ Premium: \$ \_\_\_\_\_

Interest due dates: \ \_\_\_\_\_ Principal due dates: \ \_\_\_\_\_

Revenue or general obligation bonds: \_\_\_\_\_

Purpose of issue: \_\_\_\_\_

PRINCIPAL DATA		INTEREST ACCRUED	
Balance beginning of year. ....		Accrued beginning of year. ....	
Issued during year. ....		Accrued during year (427.3). ....	
Total. ....		Total. ....	
Bonds retired this year. ....		Payments during year. ....	
Balance end of year. ....		Balance end of Year. ....	
Including matured of (239). ....		Including matured of (240). ....	
Balance less matured (221). ....		Balance less matured (237.3). ....	

**SUMMARY OF LONG-TERM DEBT - BONDS (Account 221) AND OTHER (Account 228)**

	ACCOUNT 221	OTHER* ACCOUNT 228	TOTAL*	POST- RETIREMENT BENEFITS ACCOUNT 228	TVA ACCOUNT 228
Balance beginning of year. ....	1,110,000.00	4,172,000.00	5,282,000.00		
Issued during year. .... (Item 137)					
<b>Total. ....</b>	<b>1,110,000.00</b>	<b>4,172,000.00</b>	<b>5,282,000.00</b>		
Bonds retired this year. .... (Item 146)	360,000.00	755,000.00	1,115,000.00		
Balance end of year. ....	750,000.00	3,417,000.00	4,167,000.00		
Including matured of (239). .... (Item 147)					
Balance less matured (221). ....	750,000.00	3,417,000.00	4,167,000.00		

(page 2, item 39.1) (page 2, item 39.2) (page 2, item 39.3)

**SUMMARY OF INTEREST ACCRUED - LONG-TERM DEBT(Account 237)**

	TOTAL
Accrued beginning of year. ....	3,008.35
Accrued during year (427.3) (page 26). ....	122,903.13
<b>Total. ....</b>	<b>125,911.48</b>
Payments during year. ....	123,840.68
Balance end of year. ....	2,070.80
Including matured of (240). ....	
Balance less matured (237.3) (page 26). ....	2,070.80

\*Less TVA Long-term Debt and Postretirement Benefits



**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTES PAYABLE (Account 231)										
PRINCIPAL DATA						INTEREST ACCRUED				
Balance beginning of year. . . . .						Accrued beginning of year. . . . .				
New notes issued during year. . . . .						Accrued during year (as below). . . . .				
Total. . . . .						Total. . . . .				
Notes retired this year. . . . .						Payments during year. . . . .				
Balance end of year. . . . .						Balance end of year (as below). . . . .				
Portion of balance TVA (page 2, item 45.1). . . . .										
Portion of balance non-TVA (page 2, item 45.2). . . . .										
CUSTOMER DEPOSITS (Account 235)										
Balance accrued interest on customer deposits end of year. . . . .								65.97		
Balance customer deposits end of year (Account 235). . . . .								10,275,225.12		
Total customer deposits (page 2, item 47). . . . .								10,275,291.09		
SUMMARY OF ACCRUED INTEREST AND INTEREST EXPENSE										
ACCT. NO.	DESCRIPTION	FROM PAGE NO.	REPORT ON BALANCE SHEET AS INDICATED BELOW				REPORT ON REVENUE AND EXPENSE STATEMENT AS INDICATED BELOW			
			ACCT. NO.	PAGE NO.	ITEM NO.	ACCRUED END OF YEAR	ACCT. NO.	PAGE NO.	ITEM NO.	EXPENSE FOR YEAR
221	Bonds	25	237.3	2	52.2	2,070.80	427.3	3	90.1	35,162.45
223	CFC	23	237.2	2	50		427.2	3	88	
224	RUS	23	237.1	2	49		427.1	3	87	
229	CoBank	23	237.6	2	51		427.4	3	89	
228	TVA long term	25	237.3	2	52.1		427.3	3	90.2	
228	Other long term	25	237.3	2	52.2		427.3	3	90.1	87,740.68
231	TVA Notes Payable	Above	237.5	2	52.1		431	3	90.2	
231	Other notes payable	Above	237.5	2	52.2		431	3	92	
235	Customer Deposits	Above	235	Above	---		431	3	92	557.99
---	Delinquent taxes	---	237.5	2	52.2		431	3	92	
Total interest accrued end of year. . . . .						2,070.80	Net expense for year. . . . .			123,461.12
Total item 49 (page 2) . . . . .							Total item 87 (page 3). . . . .			
Total item 50 (page 2) . . . . .							Total item 88 (page 3). . . . .			
Total item 51 (page 2) . . . . .							Total item 89 (page 3). . . . .			
Total item 52.1 (page 2) . . . . .							Total item 90.1 (page 3). . . . .			122,903.13
Total item 52.2 (page 2) . . . . .						2,070.80	Total item 90.2 (page 3). . . . .			
							Total item 92 (page 3). . . . .			557.99
ACCT. NO.	ACCOUNTS PAYABLE									
232	Accounts payable - general . . . . .									8,032,747.11
232	Accrued purchased power. . . . .									
233	Accounts payable - spec. const.. . . . .									
234	Payable to municipal - utility revenue. . . . .									
234	Other payables to municipality. . . . .									
	Total accounts payable - general (page 2, item 46). . . . .									8,032,747.11
ACCT. NO.	OTHER CURRENT AND ACCRUED LIABILITIES									
239	Matured long-term debt (pages 23, 24, and 25). . . . .									
240	Matured interest (pages 23, 24, and 25). . . . .									
241	Tax collections payable. . . . .									
242	Miscellaneous - accrued insurance. . . . .									
242	Miscellaneous - employees' accrued leave. . . . .									1,681,590.13
242	Miscellaneous - other. . . . .									38,021.30
	Total other current and accrued liabilities (page 2, item 53). . . . .									1,719,611.43
OTHER DEFERRED CREDITS (Account 253)										
Payables for plant purchases; (item 149) . . . . .									583,701.82	
Other items (List): Inflows of Resources - Pension Funding. . . . .									1,573,050.00	
Gift Certificates - Pole Attachments. . . . .									(36,610.87)	
Total other deferred credits (page 2, item 56) . . . . .										
Total other deferred credits (page 2, item 56) . . . . .									2,120,140.95	

**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
***FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.***

Total paid. . . . .	3,884,540.47
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If all the tax equivalent is paid to a city and the city makes redistribution payments to states or counties, show these redistribution payments above and mark them with an \*. Also give method of determining amounts redistributed.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**PAGE 28**

<b>BASIS FOR COMPUTATION OF ACCRUAL FOR AD VALOREM PROPERTY TAX OR TAX EQUIVALENT</b>							
<input type="checkbox"/> TAX, OR <input checked="" type="checkbox"/> TAX EQUIVALENT		TN. EQUAL- IZATION RATIO	STATE ASSESS- MENT RATIO	TAX ASSESSMENT OR VALUATION	RATE PER \$100	TAX OR EQUIVALENT FOR TAX PERIOD	AMOUNT APPLICABLE FOR FISCAL YEAR
PERIOD	DISTRICT						
7/1/2018 6/30/2019	Murfreesboro	1.0000	.5500	153,456,376.45	.9494	801,303.16	801,303.16
7/1/2018 6/30/2019	Rutherford County	1.0000	.5500	154,762,346.41	2.0994	1,786,994.39	1,786,994.39
7/1/2018 6/30/2019	TOTAL PART I					2,588,297.55	2,588,297.55
7/1/2018 6/30/2019	Three yr avg TN operating revenue less power cost			32,406,073.00	.0400	1,296,242.92	1,296,242.92
7/1/2018 6/30/2019	TOTAL TAX EQUIVALENT FOR FISCAL YEAR					3,884,540.47	3,884,540.47
<p>Where more than one tax period is applicable to the current fiscal year, show beginning and ending dates of each tax period. Compute tax or tax equivalent for each tax period and show amount prorated to this fiscal year. For tax equivalents show all the components of the tax base and applicable tax equivalent by taxing districts. When tax equivalent payments are determined other than by applying applicable tax rates to net plant, describe basis, explain any change from previous period, and include data showing breakdown of net plant by taxing districts and applicable tax rates. Use extra sheets if needed.</p>							

# Murfreesboro Electric Department

## REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**PREPAID TAXES SECTION IS FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.**

## PREPAID TAXES

Do not report any taxes listed in schedule of Account 236 below as prepaid - if prepaid show debit balance in Account 236.

TAXING JURISDICTION	% OF GROSS REVENUE	BALANCE BEGINNING OF YEAR	PAYMENTS	PERIOD COVERED	WRITEOFF		BALANCE END OF YEAR
					ACCT. NO.	AMOUNT	
Total	X			X	X		

(Add below)

(Page 17)

**ACCRUED TAXES (Account 236)**

ACCT. NO.	KIND OF TAX	BALANCE BEG. OF YEAR	PAYMENTS	TAX EXPENSE (ACCOUNT 408)	TRANSFERRED	BALANCE END OF YEAR
408.1	Property. . . . .		3,884,540.47	3,884,540.47		
408.2	U.S. Social Security - unemployment. . . . .		548,056.07	427,765.71	120,290.36	
408.3	U.S. Social Security - FICA. . . . .					
408.4	State Social Security - unemployment. . . . .					
408.5	Gross receipts - state. . . . .					
408.6	Income - state. . . . .					
408.7	Other: (list below). . . . .					
	Total. . . . .		4,432,596.54	4,312,306.18	120,290.36	
(885) (890)	Tax expense from the writeoff of prepaid privilege taxes (as above). . . . .					(page 2, item 48)
	Total tax expense for the year (page 3, item 79). . . . .			4,312,306.18		

(page 2, item 48)

Social Security and Federal and State unemployment taxes paid should be reported under payments, and the portion not charged to tax expense should be reported as "Transferred".

**GENERAL INFORMATION**

1. Give the form of management of electric system. (Power board, Mayor and council, etc.)  
Power Board
2. List any other departments or lines of business over which management exercises control.  
None.
3. (a) Give the statutes under which the electric system was created.  
The Municipal Electric Plant Act of 1935.  
City of Murfreesboro Ordinance 16-0-26  
(b) Give the statutes under which the electric system is currently operating if different from the above.  
City of Murfreesboro Ordinance 18-0-47
4. (a) What billing service provider or type of in-house program is used to bill customer accounts?  
NISC
4. (b) During the fiscal year, was the billing system upgraded to a new version or converted to a new provider/program? N  
If upgraded, what is the new version?
5. At June 30:

**DEPOSITS**

- |  |   |     |    |     |
|--|---|-----|----|-----|
| 1) Are customer deposit amounts determined prior to establishment of service less than or equal to twice the highest monthly bill for each respective rate class?.....   | Y | Yes | No | N/A |
| 2) Do deposits that are greater than one month's average bill for each respective rate class and retained longer than 12 months accrue interest?.....  | Y | Yes | No | N/A |
| 3) Is the applicable interest rate in the LPC's policy consistent with the interest rate being applied to deposits?.....   | Y | Yes | No |     |
| 4) When a deposit is applied to the final bill upon termination of service or the customer deposit is returned, is the interest amount applied to the deposit prorated depending on timing of timing of the action?..... | Y | Yes | No |     |

**TERMINATION OF SERVICE**

- |   |   |     |    |
|---|---|-----|----|
| 1) Is sufficient and reasonable notice provided to customers prior to any disconnection of service?                 | Y | Yes | No |
| a) Is the notification separate from the original bill for which service is being disconnected?                     | Y | Yes | No |
| b) Does the notification inform the customer of rights and remedies regarding billing disputes?                     | Y | Yes | No |
| 2) Does the LPC adhere to its policy regarding termination of service in times of extreme weather?                  | Y | Yes | No |
| 3) Does the LPC adhere to its policy regarding termination of service in cases of documented medical hardship?..... | Y | Yes | No |

**BILLING**

- |   |   |     |    |
|---|---|-----|----|
| 1) Are residential customers afforded a net payment period of at least 15 days between the bill date and due date?.....     | Y | Yes | No |
| 2) Are non-residential customers afforded a net payment period of at least 10 days between the bill date and due date?..... | Y | Yes | No |
| 3) Are forfeited discounts or late payment charges for a delinquent balance less than or equal to 5%?.....                  | Y | Yes | No |

**INFORMATION TO CONSUMERS**

- |   |   |     |    |     |
|---|---|-----|----|-----|
| 1) Are customers reasonably informed about rates and service practice policies by making such information available:  | Y | Yes | No |     |
| a) Upon application for service?.....   | Y | Yes | No |     |
| b) At any time upon request?.....   | Y | Yes | No |     |
| c) On the LPC's website or other technological means of communication?.....   | Y | Yes | No | N/A |
| 2) Are all retail rate actions initiated by the LPC communicated to customers through print or electronic media?..... | Y | Yes | No |     |
| 3) Is a customer's prior 12 months monthly consumption information available upon request?                            | Y | Yes | No |     |
6. The cost of a membership certificate is

7. (a) Give the name of the audit firm conducting this year's audit:	Dempsey Vantrease and Follis PLLC		
(b) How long has the audit firm been conducting the audit?	11 or more years		
(c) Type of opinion of latest issued external audit report:	FY: 2018	Type:	Unqualified with no findings


## AMOUNT PAID\*

\*Show total amounts paid from electric system funds for fiscal year.  
Method of determining amounts paid to board members is as follows:  
Board members are paid \$300 monthly.

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
*GOVERNING BOARD SECTION IS FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.*

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**GENERAL INFORMATION (CONTINUED)**

9. Does the LPC have any interdivisional loans between the Electric Department and other lines of business?..... ☐ Yes ☒ N No
- (a) If so, please provide the original loan amount(s) and explanation for purpose of loan(s), along with current balance(s) and indicate in what account(s) the loan(s) is recorded?

**INTERDIVISIONAL LOANS**

ORDER	ACCOUNT NUMBER	PURPOSE OF LOAN	ORIGINAL LOAN AMOUNT	CURRENT BALANCE

- (b) If so, did TVA approve the interdivisional ☐ Yes ☒ No
10. Does the LPC have a Line(s) of Credit? ☐ Yes ☒ N No
- (a) If so, please indicate total amount, available as of June 30, and repayment and interest terms of each Line of Credit.

**LINE OF CREDIT**

ORDER	TOTAL AMOUNT	AVAILABLE AMOUNT	REPAYMENT TERMS (Principal and Interest)	INTEREST RATE %

[illegible]



**GENERAL INFORMATION**

EXPLAIN UNUSUAL INCREASES OR DECREASES IN OPERATING EXPENSES AND INCOME OVER LAST YEAR'S FIGURES; EXTRAORDINARY ITEMS PAGE 3; ITEMS MARKED \* ON PAGES 5 AND 6; AND OTHER ENTRIES TO THE ACCUMULATED PROVISION FOR DEPRECIATION ON PAGE 11.

Page 1 Item 14 General Cash and Temporary Cash Investments - Decrease due to prepayment of power bill - (\$17 million).

Page 1 Item 19 Current and Accrued Assets Total - Decrease due to prepayment of power bill - (\$17 million).

Page 2 Item 33 Beginning of Year - Amount is different due to actuarial adjustment for the present value for pension costs and postemployment benefits other than pensions - (\$3,391,454).

Page 2 Item 34 Current Year - Decrease due to extraordinary item for the recording of early retirement of residential meters that where replaced with meters with disconnects under glass - (\$3.1 million).

Page 2 Item 39.2 Postretirement Benefits - Decrease due to actuarial adjustment for the present value for postemployment benefits other than pensions - (\$2,188,929).

Page 2 Item 46 Accounts Payable - Decrease due to prepayment of power bill - (\$17 million).

Page 2 Item 54 Current and Accrued Liabilities Total - Decrease due to prepayment of power bill (\$17 million).

Page 2 Item 57 Deferred Credits Total - Decrease due to actuarial adjustment for the present value for pension costs - (\$1 million).

Page 3 Item 83 Other Income - Increase this fiscal year due to interest earned on prepayment of power bill (\$143,031) and interest earned from transferring cash to savings account (\$661,990).

Page 3 Item 85 Miscellaneous Income Deductions - Increase this fiscal year for labor and overheads not billed to other utilities for crews working in North Carolina and Georgia during hurricane restorations - (\$14,320).

Page 3 Item 97 Extraordinary Items - Costs of undepreciated value of residential meters replaced by meters with disconnects under glass - (\$3.1 million).

Page 5 Account 582 - Increase this fiscal year due to more maintenance at the substations.

Page 5 Account 583 - Decrease due to more credits for first installation costs.

Page 5 Account 583 - Payroll exceeds expense due to credits for first installation costs.

Page 5 Account 584 - Increase due to less credits for first installation costs.

Page 5 Account 584 - Payroll exceeds expense due to credits for first installation costs.

Page 5 Account 585 - Increase due to second shift working mainly on replacing streetlights.

Page 5 Account 904 - Increase due to higher bills during the winter months that were written-off this fiscal year.

Page 5 Account 908 - Increase due to additional part-time Communications Coordinator - (\$25,000) and fewer energy evaluation inspection reimbursement from TVA - (\$30,000).

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**GENERAL INFORMATION (CONTINUED)**

EXPLAIN UNUSUAL INCREASES OR DECREASES IN OPERATING EXPENSES AND INCOME OVER LAST YEAR'S FIGURES; EXTRAORDINARY ITEMS PAGE 3; ITEMS MARKED \* ON PAGES 5 AND 6; AND OTHER ENTRIES TO THE ACCUMULATED PROVISION FOR DEPRECIATION ON PAGE 11.

Page 5 Account 916 - Increase this fiscal year for Destination Rutherford sponsorship.

Page 6 Account 921 - Increase in office supplies and maintenance agreements for software costs. In previous years, office supplies were expensed to several expense accounts. To better budget for offices expenses, all costs are expensed to account 921.

Page 6 Account 923 - Increase due to additional IT consultants (\$130,000) and additional cost for off-duty police officers (\$30,000).

Page 6 Account 926 - Increase due additional cost for health insurance (\$375,000) and pension funding (\$800,000).

Page 6 - Payroll charged to other accounts: A/C 143.1 - \$421,998.82. Page 7 - Green Power Revenue includes contribution from Middle Tennessee State University for \$50,000.00.

Page 7a Item 697 - Number of outdoor lighting customers decreased drastically due to change in software requested by TVA to changing the calculation from number of lights to number of bills.

Page 7a Item 725 - Additional amount in Account 371 is private lights for Middle Tennessee State University (\$19,356.06).

Page 7a Item 730 - Expenses in Account 587 and Account 598 for customer installation totals \$322,592.40.

Page 7a Item 735 - Additional amount in Account 373 is streetlights for city parks (\$98,008.34).

Page 9 - Electric Plant Additions are normal for utility.

Page 11 Account 370 - Depreciation Rate of 5.0% is higher than Depreciation Reserve Study recommended rate of 3.0% due to use of electronic meters which have a life expectancy of 15 to 20 years.

Page 11 Account 370 - Removal cost for removal of meters is immaterial and is not charged to a work order when assets are retired.

Page 16 Age of Receivable Account 143 - Includes \$68,062.08 sent to attorney for collections, \$34,156.27 insurance claims filed, and \$222,082.65 payments received in July 2019. Amounts have not been deemed uncollectible.

Capital Projects - MED has several major capital projects scheduled in the next few years including: New Cherry Lane substation in north Murfreesboro (\$7.5 million), Florence Road annexation to acquire approximately 1,500 customers with annual lost revenue of \$2.5 million, installation of 25 miles of fiber to complete MED's fiber network (\$875,000), and budgeted contingency for emergencies and unanticipated growth (\$2 million).

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
*FOR REPORTING PURPOSES ONLY. NOT VERIFIED BY TVA.*

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KEY ELECTRIC PERSONNEL		
KEY ELECTRIC PERSONNEL	TITLE OR OCCUPATIONS	PERCENTAGE OF WAGES CHARGED TO THE ELECTRIC DEPARTMENT
P. D. Mynatt	General Manager	100.00
Lori Williams	Chief Financial Officer	100.00
Christina Shadrick	Plant Accountant	100.00
Jackie Whitaker	Director of Operations	100.00
Philip Lim	Director of Engineering	100.00
John Florida	Director of Information Technology	100.00
Amy Byers	Director of Marketing	100.00
Daphnea Anderson	Executive Assistant & HR/Benefits Coordinator	100.00
Gena Dix	Director of Human Resources	100.00
Brian Sharp	Safety Director	100.00
<b>(895) TOTAL NUMBER OF EQUIVALENT FULL-TIME ELECTRIC EMPLOYEES: 86</b>		

Murfreesboro Electric Department  
REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

RETAINED EARNINGS ADJUSTMENT(S)			
Order	Amount	Description	Reason
10	\$3,391,454.00	Prior Years' Adjustment for Present Value of Pension Costs and Postemployment Benefits Other Than Pensions	Adjust Prior Year Amount to Acturary Study
Total	\$3,391,454.00		

POLE INFORMATION

Number of Poles: 8,930

Attaching parties different than standard Y

Explanation:

Using the probability method provided by TVA

Pole height different than standard assumption? Y

Explanation:

Using actual system data for average pole height

Discount factor different than standard assumption? Y

Explanation:

Using actual system data for discount factor

Customers Per Mile: 84.63

Comments:

ATTACHING ENTITY INFORMATION

Order No. 1

Attaching Entity

AT&T

Term of Current Contract

5 years (joint use)

Renews annually after term

Early Termination Y

Details

Evergreen but renews (Joint use agreement)

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
2/3/2012	2/3/2017	\$31.99	\$39.05	\$36.00

Rate Escalation Method

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**ATTACHING ENTITY INFORMATION CONTINUED**

**Order No.** 2

**Attaching Entity**

Comcast

**Term of Current Contract**

12 years or life of the franchise granted licensee by City of Murfreesboro

**Early Termination** Y

**Details**

Contract negotiations currently on hold by city legal dept

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
9/1/1977	9/1/1989	\$10.41	\$39.05	\$36.00

**Rate Escalation Method**

Guideline Adjustment Scale

**Order No.** 3

**Attaching Entity**

Level 3 Communications

**Term of Current Contract**

10 years (joint use)

Renew annually after term

**Early Termination** Y

**Details**

Notification letter sent for rate increase beginning 2019

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
2/29/2012	2/29/2012	\$29.97	\$39.05	\$36.00

**Rate Escalation Method**

Guideline Adjustment Scale

**ATTACHING ENTITY INFORMATION CONTINUED**

**Order No.** 4

**Attaching Entity**

MTEMC

**Term of Current Contract**

3years (joint use)

Renews annually after term

**Early Termination** Y

**Details**

Joint use agreement

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
6/30/1994	6/30/1997	\$12.50	\$39.05	\$36.00

**Rate Escalation Method**

TBD

**Order No.** 5

**Attaching Entity**

Windstream KDL

**Term of Current Contract**

10 years (joint use)

Renew annually after term

**Early Termination** Y

**Details**

Notification letter sent for rate increase beginning 2019.

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
3/10/2005	3/10/2015	\$29.97	\$39.05	\$36.00

**Rate Escalation Method**

Guideline Adjustment Scale

**Murfreesboro Electric Department**  
**REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**ATTACHING ENTITY INFORMATION CONTINUED**

**Order No.** 6

**Attaching Entity**

*United Telephone Company*

**Term of Current Contract**

*5 years (joint use)*

*Renews annually after term*

**Early Termination** N

**Details**

*Notification letter sent for rate increase beginning 2019.*

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
1/1/2000	1/1/2004	\$29.97	\$39.05	\$36.00

**Rate Escalation Method**

*Guideline adjustment scale - No more than 2 years*

**Order No.** 7

**Attaching Entity**

*City of Murfreesboro*

**Term of Current Contract**

*No contract*

**Early Termination** N

**Details**

Beginning Date	Ending Date	Curr. Rental Rate	Calc. Rental Rate TVA Methodology	TVA Approved Attachment Rate
		\$36.00	\$39.05	\$36.00

**Rate Escalation Method**

**FUNCTIONAL ACCOUNTING**

This information is for Cooperatives following functional accounting only

<b>A. Tax Amount Transferred (Pulled from Page 29 Transferred)</b>	\$0.00
<b>B. Administrative &amp; General Accounts (a/c 920 thru 931)</b>	\$0.00
<b>C. Maintenance of General Plant (a/c 935)</b>	\$0.00
<b>D. Maintenance of Overhead Lines (a/c 593)</b>	\$0.00
<b>E. All other accounts used in functional accounting</b>	\$0.00
<b>F. Total Taxes Transferred (Total B through E)</b>	\$0.00
<b>G. Verification (A minus F should be \$0)</b>	\$0.00



**MURFREESBORO ELECTRIC DEPARTMENT  
COMPARATIVE BALANCE SHEET**

<b>ASSETS AND OTHER DEBITS</b>	<b>OCTOBER</b>	<b>OCTOBER</b>	<b>Increase/(Decrease)</b>	
	<b>2019</b>	<b>2018</b>	<b>Amount</b>	<b>Percent</b>
<b>UTILITY PLANT</b>				
Electric Plant	230,042,932	223,039,659	7,003,273	3.14%
Less Depreciation	74,523,254	66,301,364	8,221,890	12.40%
<b>Total</b>	<b>155,519,678</b>	<b>156,738,295</b>	<b>(1,218,617)</b>	<b>-0.78%</b>
Unamortized Acquisition Adj.	817,704	1,019,831	(202,127)	-19.82%
<b>Total Plant - net</b>	<b>156,337,382</b>	<b>157,758,126</b>	<b>(1,420,744)</b>	<b>-0.90%</b>
<b>OTHER PROPERTY &amp; INVESTMENTS</b>				
Sinking Funds	164,621	165,121	(500)	-0.30%
Other Special Funds	679,390	678,033	1,357	0.20%
<b>Total</b>	<b>844,011</b>	<b>843,154</b>	<b>857</b>	<b>0.10%</b>
<b>CURRENT AND ACCRUED ASSETS</b>				
Cash & Temporary Cash Investments	48,913,161	49,140,354	(227,193)	-0.46%
Accounts Receivable	12,533,963	12,251,709	282,254	2.30%
Materials and Supplies	2,444,355	2,066,155	378,200	18.30%
Prepayments	954,613	939,376	15,237	1.62%
Other Current Assets	3,414,471	3,564,714	(150,243)	-4.21%
<b>Total</b>	<b>68,260,563</b>	<b>67,962,308</b>	<b>298,255</b>	<b>0.44%</b>
<b>DEFERRED DEBITS</b>				
Debt Expense	0	0	0	0.00%
Clearing Accounts	2,267	448	1,819	406.03%
Receivables-Conservation Loans	1,773,865	1,910,247	(136,382)	-7.14%
Other Deferred Debits	2,465,416	1,735,109	730,307	42.09%
<b>Total</b>	<b>4,241,548</b>	<b>3,645,804</b>	<b>595,744</b>	<b>16.34%</b>
<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	<b>229,683,504</b>	<b>230,209,392</b>	<b>(525,888)</b>	<b>-0.23%</b>
<b>LIABILITIES AND OTHER CREDITS</b>				
<b>EARNINGS REINVESTED IN SYSTEM</b>	<b>OCTOBER</b>	<b>OCTOBER</b>	<b>Increase/(Decrease)</b>	
	<b>2019</b>	<b>2018</b>	<b>Amount</b>	<b>Percent</b>
Beginning of Year	187,969,082	183,477,539	4,491,543	2.45%
Current Year to Date	3,324,487	3,697,633	(373,146)	-10.09%
<b>Total</b>	<b>191,293,569</b>	<b>187,175,172</b>	<b>4,118,397</b>	<b>2.20%</b>
<b>LONG -TERM DEBT</b>				
Bonds and Other Long -Term Debt	4,167,000	5,282,000	(1,115,000)	-21.11%
Debt Premium and Discount	19,000	31,000	(12,000)	-38.71%
<b>Total</b>	<b>4,186,000</b>	<b>5,313,000</b>	<b>(1,127,000)</b>	<b>-21.21%</b>
<b>OTHER NON-CURRENT LIABILITIES</b>				
Post Retirement Benefits	10,998,493	9,198,626	1,799,867	19.57%
Conservation Loans - TVA	1,841,242	1,985,191	(143,949)	-7.25%
<b>Total</b>	<b>12,839,735</b>	<b>11,183,817</b>	<b>1,655,918</b>	<b>14.81%</b>
<b>CURRENT &amp; ACCRUED LIABILITIES</b>				
Accounts Payable	7,532,473	11,867,538	(4,335,065)	-36.53%
Customer Deposits	10,350,058	10,141,559	208,499	2.06%
Interest Accrued	10,354	15,042	(4,688)	-31.17%
Other Current Liabilities	2,117,531	2,253,673	(136,142)	-6.04%
<b>Total</b>	<b>20,010,416</b>	<b>24,277,812</b>	<b>(4,267,396)</b>	<b>-17.58%</b>
<b>OTHER DEFERRED CREDITS</b>	<b>1,353,784</b>	<b>2,259,591</b>	<b>(905,807)</b>	<b>-40.09%</b>
<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>229,683,504</b>	<b>230,209,392</b>	<b>(525,888)</b>	<b>-0.23%</b>

**MURFREESBORO ELECTRIC DEPARTMENT  
COMPARATIVE REVENUE AND EXPENSE STATEMENT**

	OCTOBER 2019	OCTOBER 2018	Increase(Decrease)		FYTD 2020	FYTD 2019	Increase(Decrease)	
			Amount	Percent			Amount	Percent
OPERATING REVENUE								
Electric Sales Revenue	13,122,087	13,433,884	(311,797)	-2.32%	64,808,842	62,674,576	2,134,266	3.41%
Revenue from Late Payments	87,763	105,109	(17,346)	-16.50%	372,611	401,582	(28,971)	-7.21%
Misc. Service Revenue	188,505	173,865	14,640	8.42%	755,610	751,755	3,855	0.51%
Rent from Electric Property	74,104	72,024	2,080	2.89%	327,997	287,263	40,734	14.18%
Other Electric Revenue	0	0	0	0.00%	0	0	0	0.00%
Total Operating Revenue	13,472,459	13,784,882	(312,423)	-2.27%	66,265,060	64,115,176	2,149,884	3.35%
PURCHASED POWER								
	10,834,113	10,486,921	347,192	3.31%	54,375,985	51,649,617	2,726,368	5.28%
OPERATING EXPENSE								
Distribution Expense	280,467	119,273	161,194	135.15%	817,630	715,059	102,571	14.34%
Customer Accounts Expense	188,342	198,327	(9,985)	-5.03%	696,353	749,354	(53,001)	-7.07%
Customer Service & Info. Expense	19,307	18,469	838	4.54%	70,933	56,539	14,394	25.46%
Sales Expense	58,535	52,790	5,745	10.88%	119,289	125,222	(5,933)	-4.74%
Administrative & General Expense	668,134	862,319	(194,185)	-22.52%	1,848,053	2,110,936	(262,883)	-12.45%
Total Operating Expense	1,214,785	1,251,178	(36,393)	-2.91%	3,552,258	3,757,110	(204,852)	-5.45%
MAINTENANCE EXPENSE								
Distribution Expense	169,689	264,076	(94,387)	-35.74%	756,485	709,251	47,234	6.66%
Administrative & General Expense	29,799	55,096	(25,297)	-45.91%	120,475	138,421	(17,946)	-12.96%
Total Maintenance Expense	199,488	319,172	(119,684)	-37.50%	876,960	847,672	29,288	3.46%
OTHER OPERATING EXPENSE								
Depreciation Expense	749,785	651,052	98,733	15.17%	2,994,425	2,582,213	412,212	15.96%
Amortization of Acquisition Adj.	16,720	20,587	(3,867)	-18.78%	66,879	82,349	(15,470)	-18.79%
Taxes and Tax Equivalents	358,523	371,314	(12,791)	-3.44%	1,436,411	1,500,632	(64,221)	-4.28%
Total Other Operating Expense	1,125,028	1,042,953	82,075	7.87%	4,497,715	4,165,194	332,521	7.98%
TOTAL OPER EXP & PURCH PWR	13,373,414	13,100,224	273,190	2.09%	63,302,918	60,419,593	2,883,325	4.77%
INCOME								
Operating Income	99,045	684,658	(585,613)	-85.53%	2,962,142	3,695,583	(733,441)	-19.85%
Other Income	88,514	10,210	78,304	766.93%	396,809	41,457	355,352	857.16%
Total Income	187,559	694,868	(507,309)	-73.01%	3,358,951	3,737,040	(378,089)	-10.12%
Miscellaneous Income Deductions	0	0	0	0.00%	4,287	850	3,437	404.35%
Net Income Before Debt Exp	187,559	694,868	(507,309)	-73.01%	3,354,664	3,736,190	(381,526)	-10.21%
DEBT EXPENSE								
Interest on Long Term Debt	8,156	10,687	(2,531)	-23.68%	31,563	39,955	(8,392)	-21.00%
Other Interest Expense	50	45	5	11.11%	194	182	12	6.59%
Amortization of Debt Discount & Exp.	605	605	0	0.00%	2,420	2,420	0	0.00%
Amortization of Premium on Debt.	(1,000)	(1,000)	0	0.00%	(4,000)	(4,000)	0	0.00%
Total Debt Expense	7,811	10,337	(2,526)	-24.44%	30,177	38,557	(8,380)	-21.73%
NET INCOME	179,748	684,531	(504,783)	-73.74%	3,324,487	3,697,633	(373,146)	-10.09%

# MURFREESBORO ELECTRIC DEPARTMENT

## STATISTICAL DATA

	OCTOBER 2019	OCTOBER 2018	INCREASE (DECREASE) AMOUNT PERCENT	
KWH PURCHASED	139,999,116	141,132,871	(1,133,755)	-0.80%
KWH SOLD/USED	138,310,608	140,532,041	(2,221,433)	-1.58%
COST PER KWH PURCHASED (CENTS)	7.74	7.43	0.31	4.17%

	FYTD 2020	FYTD 2019	INCREASE (DECREASE) AMOUNT PERCENT	
KWH PURCHASED	697,731,554	674,325,470	23,406,084	3.47%
KWH SOLD/USED	676,491,005	659,157,999	17,333,006	2.63%
COST PER KWH PURCHASED (CENTS)	7.80	7.66	0.14	1.83%

## CUSTOMER DATA

	OCTOBER 2019	OCTOBER 2018	INCREASE (DECREASE) AMOUNT PERCENT	
RESIDENTIAL	59,438	57,269	2,169	3.79%
LESS THAN 50 KW	6,403	6,249	154	2.46%
GREATER THAN 50 KW	1,011	1,050	(39)	-3.71%
STREET AND ATHLETIC	153	146	7	4.79%
TOTAL CUSTOMERS	67,005	64,714	2,291	3.54%

## FINANCIAL RATIOS

	OCTOBER 2019	OCTOBER 2018
CURRENT RATIO	3.41	2.80
ACID TEST	3.07	2.53
DEBT TO EQUITY RATIO	0.027	0.034

	OCTOBER 2019	OCTOBER 2018	FYTD 2020	FYTD 2019
OPERATING RATIO	90.92%	87.47%	88.75%	87.74%
NET INCOME(CENTS) / \$ OF REVENUE	1.34	4.97	5.02	5.77

**DISBURSEMENTS & ACH TRANSFERS**  
**OCTOBER 2019**

<b>VENDOR</b>	<b>DATE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
MED - Deposit Refund Account	10/1/2019	\$21,156.39	Transfer Funds
MED - Payroll	10/4/2019	\$198,188.53	Employee Direct Deposit
MED - Payroll	10/4/2019	\$515.70	Transfer Funds to Flexible Reimbursement Account
MED - Deposit Refund Account	10/9/2019	\$20,287.25	Transfer Funds
MED - Payroll	10/18/2019	\$200,935.37	Employee Direct Deposit
MED - Payroll	10/18/2019	\$515.70	Transfer Funds to Flexible Reimbursement Account
MED - Deposit Refund Account	10/18/2019	\$15,493.47	Transfer Funds
MED - Deposit Refund Account	10/25/2019	\$17,935.56	Transfer Funds
MED - Sinking Fund	10/31/2019	\$32,904.18	Transfer Funds
MED - Payroll	10/31/2019	\$190,943.08	Employee Direct Deposit
MED - Payroll	10/31/2019	\$515.70	Transfer Funds to Flexible Reimbursement Account
Check Register		\$17,705,525.15	
Total		\$18,404,916.08	

**Bad Debt Analysis  
For Fiscal Year 2020**

	<b>Uncollectable Accounts</b>	<b>Payments Collected</b>	<b>Net Expense</b>
<b>July 2019</b>	8,102.98	(7,142.17)	960.81
<b>Aug 2019</b>	9,067.09	(4,764.97)	4,302.12
<b>Sept 2019</b>	15,024.84	(5,663.02)	9,361.82
<b>Oct 2019</b>	19,460.19	(6,364.18)	13,096.01
<b>Nov 2019</b>			0.00
<b>Dec 2019</b>			0.00
<b>Jan 2020</b>			0.00
<b>Feb 2020</b>			0.00
<b>March 2020</b>			0.00
<b>April 2020</b>			0.00
<b>May 2020</b>			0.00
<b>June 2020</b>			0.00
<b>Totals</b>	<b>\$51,655.10</b>	<b>(\$23,934.34)</b>	<b>\$27,720.76</b>

	<b>Sales</b>	<b>Bad Debt to Sales</b>
<b>July 2019</b>	17,222,587.03	0.0056%
<b>Aug 2019</b>	18,477,742.88	0.0233%
<b>Sept 2019</b>	15,986,425.32	0.0586%
<b>Oct 2019</b>	13,122,086.64	0.0998%
<b>Nov 2019</b>		
<b>Dec 2019</b>		
<b>Jan 2020</b>		
<b>Feb 2020</b>		
<b>March 2020</b>		
<b>April 2020</b>		
<b>May 2020</b>		
<b>June 2020</b>		
<b>Totals</b>	<b>\$64,808,841.87</b>	<b>0.0428%</b>



205 N Walnut St  
P.O. Box 9  
Murfreesboro, TN 37133-0009  
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MEMORANDUM

TO: MED Power Board

FROM: Diane Simpkins, Director of Purchasing

DATE: Wednesday, November 13, 2019

RE: Material Purchases

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PURCHASES UNDER \$25,000:	\$ 142,175.23
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PURCHASES BETWEEN \$25,000 - \$50,000:	\$ 126,346.78
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PURCHASE ORDER #	VENDOR	ITEM	QUANTITY		AMOUNT
23602	IRBY	4/0 CONCENTRIC WIRE	15039	\$	38,033.63
23595	IRBY	500MCM COPPER CONC. WIRE	4,000	\$	40,680.00
23582	IRBY	1/0 CONCENTRIC WIRE	22,384	\$	47,633.15

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TRANSFORMER PURCHASES FROM BLANKET:

PURCHASE ORDER #	VENDOR	ITEM	QUANTITY		AMOUNT
23606	BORDER STATES	75KVA 1PH PAD MOUNT	5	\$	8,680.00
		100KVA 1 PH PAD MOUNT	10	\$	20,880.00
23605	BORDER STATES	25KVA 1PH PAD MOUNT	15	\$	18,990.00
		50KVA 1PH PAD MOUNT	15	\$	21,570.00

Total Transformers	\$ 70,120.00
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Grand Total	\$ 338,642.01
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NO REQUEST FOR BOARD APPROVAL THIS MONTH

## For Internal Use Only – Not For Distribution to Media

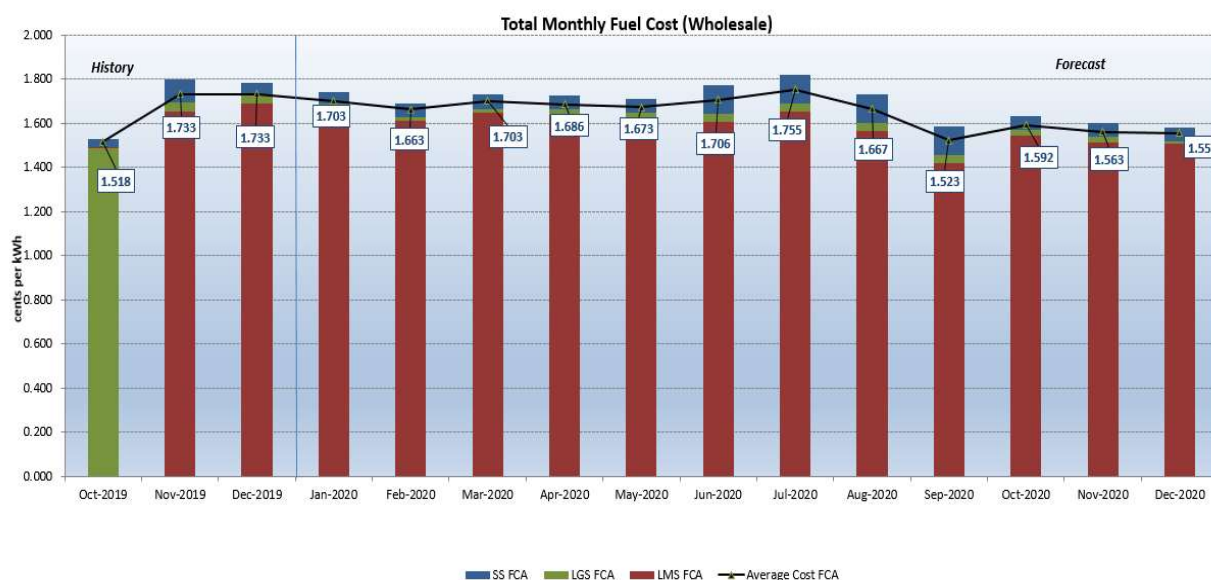
### Total Monthly Fuel Cost Communication – December 2019

#### Total Monthly Fuel Cost – December 2019

The total monthly fuel cost will be 1.747 cents per kWh for Standard Service customers, 1.689 cents per kWh for Large Manufacturing customers, and 1.725 cents per kWh for Large General Service customers.

The overall system average fuel rate for December is approximately 14% lower than the three-year average December FCA. This is primarily due to overall lower fuel costs and higher expectations for hydro generation.

#### Total Monthly Fuel Cost Forecast: December 2019 to December 2020



	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	mar-2020	apr-2020	may-2020	jun-2020	jul-2020	aug-2020	sep-2020	oct-2020	nov-2020	dec-2020
LMS FCA	1.494	1.654	1.689	1.664	1.614	1.651	1.638	1.627	1.605	1.654	1.566	1.422	1.546	1.516	1.509
LGS FCA	1.486	1.697	1.725	1.692	1.626	1.664	1.663	1.651	1.641	1.690	1.602	1.458	1.569	1.540	1.517
SS FCA	1.528	1.758	1.747	1.715	1.678	1.719	1.703	1.689	1.735	1.783	1.696	1.552	1.608	1.578	1.572

*The monthly fuel cost forecast represents current expectations and operational conditions and is subject to change at any time. Actual fuel cost amounts in future months are subject to considerable risks and could vary widely from the current forecast.*



205 N Walnut St  
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November 20, 2019

**Members of the Power Board:**

I. The following items have been prepared for your **INFORMATION**.

**POSITIONS FILLED SINCE LAST BOARD MEETING:**

TITLE	NEW/REPLACE	FILLED BY/DATE
-------	-------------	----------------

**POSITIONS BUDGETED OR OPEN FOR FY 2020:**

TITLE	NEW/REPLACE	STATUS
Accountant	New – carryover budget	on hold
Accounting Summer College Intern	New	on hold
Building Superintendent	Replace Kelvin Howse 7.31.19/R	(Kelvin came back p/t to help)
Customer Service Representative	Replace David Galland 1.10.18	on hold
CSR	Replace Norma Autry 5.22.19/R	promoted Marti Garber 5.20.19
Cashier	Replace Marti Garber 5.20.19	Melissa Barco from Temp. to F/T 10.28.19
Dispatch Center Manager	New	on hold
Dispatcher (3)	New	on hold
Electrical Engineer	Replace Jimmy Nguyen 7.19.18	hired Autumn Ferree on 7.8.19
Engineering Technician	New – carryover budget	on hold
Engineering Technician	Replace Justin Stallings 8.30.19	hired Nathan Donehue 10.28.19
Engineering – College Interns (3)	New	hired one – Isaac Brunner 6.3.19-8.2.19
<b>IT GIS Analyst</b>	<b>Replace Matt Coram 10.11.19</b>	<b>on hold – WILL OUTSOURCE</b>
IT GIS Technician	New	on hold
<u>IT Systems Administrator</u>	Replace Marc Peek in Oct. 2018	on hold
IT Systems Analyst	Replace Lisa Knight 11.26.18	on hold
<u>IT Technician</u>	New	on hold
<u>IT Technician/Administrator</u>	(Combined 2 positions)	hired Ryan Horony 10.21.19
IT Tech Intern	Replace Peyton Ball 4.26.19	on hold
Operations Engineer	New	on hold
Operations Engineer Manager	Replace Marc Peek 6.4.19	on hold
Purchasing Manager	Replace Diane Simpkins 7.12.19/R	on hold (Diane came back p/t to help)
P/T HR Coordinator, College Intern	New	on hold
Serviceman/Lineman (Second Shift)	Replace Alan Ayers, 4.19.19/R	transferred Lance Jones 4.29.19
Serviceman/Lineman	Replace Lance Jones 4.29.19	promoted Brandon Allen 6.10.19
Truck Driver (Second Shift)	Replace Rick Taylor 8.2.19/R	transferred Renita Haley 8.5.19
Truck Driver (First Shift)	Replace Renita Haley 8.5.19	on hold

Respectfully presented,

*Gena S. Dix*

Gena S. Dix  
Director of Human Resources



City Projects - 11/13/2019

Primary	Street	Amount of Aid to Construction	Status	Status Notes	Additional Notes
Dejarnette Lane Airport Project	Dejarnette Ln.	\$276,100.00	Complete.	Complete.	
Jones Blvd	Ridgely Rd to W Northfield Blvd	Design Not Finalized.	Preliminary design.		Waiting on SEC Inc. for finalized roadway plans.
Northfield Blvd Phase 1	Northfield Blvd		Complete.	Complete.	
Old Fort Park Maintenance Building	Old Fort Park	\$1,600.00	Design complete.	Waiting on aid to construction.	As of right now single phase
Rucker Ln	Rucker Ln	No Aid to Construction	Design complete.		Waiting on road project to begin.
Airport Terminal	Airport Rd.	\$30,000.00	Contractor construction.	Waiting on aid to construction.	Two Poles set and existing vaults replaced.
Fire Station 11	Blaze Dr.	\$6,000.00	Contractor construction.	Waiting on aid to construction.	Two temporaries energized
Siegel Park	Cherry Ln.		Preliminary design.		



205 North Walnut Street  
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Date: 11/12/2019  
To: Power Board  
From: Chris Barns  
Subject: Murfreesboro Electric Department (MED) fiber optic network project for the City of Murfreesboro (City)

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#### BACKGROUND

The City has requested use of MED's fiber optic network to provide dark fiber to approximately thirty-three (33) facilities. The City is currently using Comcast's iNet fiber optic network to provide telecom/fiber networking for these facilities.

#### PROJECT COST

The current project cost is \$502,968.67. The Fiber Dashboard for November 2019 is attached. The total project cost is estimated to be between \$640,000 and \$768,000.

#### CONSTRUCTION UPDATE

A Fiber Summary for November 2019 is attached. The Fiber Summary details the project status for each City facility. MED began construction on this project January 2019. Construction is estimated to be complete by February 2020.

- Twenty-five (25) buildings are complete with fiber installed to the inside demarcation point.
- The West Tower site cannot continue construction due to site conditions with Fire Station 11 being constructed.
- Seven (7) buildings are remaining for construction. These buildings require a total of 4.0 miles of extensions. Inside construction is estimated to be complete by November 29, 2019. Outside construction of the extensions will begin December 2, 2019.
- Outside splicing will begin December 2, 2019.

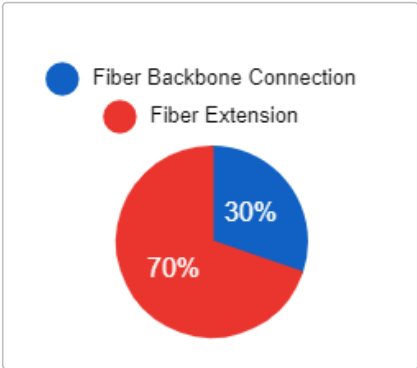
# Fiber Summary - Power Board

	Primary	Street Address	MED WO#	MED WO# Project Cost	Outside Fiber Installed	Inside Fiber Installed	Inside Splicing Complete	Outside Splicing Complete
1	Barfield Park	697 Veterans Pkwy	118727	\$6,737.65	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2	Cannonsburgh Village	312 S Front St	118675	\$11,381.56	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3	City Hall	111 W Vine St	118767	\$103,183.13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4	City Training (part of Street Department)	W Main St	119447	n/a	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5	Fire Administration	NW Broad St	118767	n/a	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6	Fire Station 10	2563 Veterans Pkwy	118683	\$9,696.62	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7	Fire Station 2	2880 Runnymede Dr	118832	\$15,129.08	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8	Fire Station 3	1511 Mercury Blvd	120122	\$57,646.14	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9	Fire Station 8	1730 E Northfield Blvd	118838	\$7,639.95	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10	Fire Station 9	802 Cason Ln	118795	\$6,189.71	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11	McFadden Community Center	211 Bridge Ave	119445	\$24,223.92	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12	Murfreesboro Electric Department	N Walnut St		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
13	MWRD Administration	NW Broad St	118767	n/a	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14	MWRD Engineering Annex	NW Broad St	118767	n/a	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15	MWRD Mill St Water Tower	405 Mill St	119351	\$20,347.28	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16	MWRD Operations & Maintenance	1725 S Church St	119277	\$10,236.08	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17	MWRD Stoney Meadow Water Tower	2003 Stoney Meadow Dr	118799	\$74,610.28	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18	MWRD Water Plant	5528 Sam Jared Dr	118791	\$11,830.96	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19	Patterson Park	521 Mercury Blvd	118852	\$31,651.53	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20	Police Headquarters - Greenland Drive	Greenland Drive	118751	\$21,702.16	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21	Police Headquarters - N Highland Ave	N Highland Ave	120482	\$13,939.26	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22	Police Precinct	520 E Castle St	118818	\$12,161.97	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23	Police Special Operations Unit	906 Industrial Drive	119360	\$7,846.96	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
24	St. Claire Senior Center	St. Claire St	119472	\$8,743.40	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
25	Street Department	620 W Main St	119447	\$21,492.01	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
26	Fire Station 11 (Future)	Blaze Dr		\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27	Fire Station 4 (New - Future)	Medical Center Pkwy	120718	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	Fire Station 4 (Old) / Jones Tower	1311 Jones Blvd	119469	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29	Fire Station 6	2302 Memorial Blvd	119449	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30	MWRD Jones Blvd Water Tower	1130 Jones Blvd	119470	\$79.09	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31	Rutherford County Sheriff's Office	Molloy Lane	119448	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	SportsCom	McKnight Park - Memorial Blvd	118684	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	West Tower Site	Blaze Drive	118839	\$26,499.93	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>




**\$502,968.67**  
Total Project Cost

**33**  
Active Projects



**33**  
Under Construction

**0**  
Project Complete

  
Fiber Summary - Power Board



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## BOARD COMMUNICATION

Meeting Date: 11/20/2019

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**Item Title:** Justification for Breaker Replacement at Church Street Substation

**Department:** Operations

**Presented by:** Jackie Whitaker, Director of Operations

**Requested Action:**

Motion	<input checked="" type="checkbox"/>
Direction	<input type="checkbox"/>
Information	<input type="checkbox"/>

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**Background** – In 1982, The Church Street Substation was put online. The Substation was built to serve the Industrial Park on Butler Drive. The existing high voltage breakers in the substation use transformer oil to extinguish arcs and interrupt fault current. The breakers could see fault currents as high as 9,000 amps. At the time the substation was built this was a proven and sound technology. The breakers have contact parts that have to be replaced from time to time. These breakers need to be rebuilt and the repair parts are not available from the manufacture and must be special made. The expense to have the parts made and installed is approaching the cost of new breakers.

**Purpose** – The replacement of higher maintenance Oil breakers and electromechanical relays with newer technology. Church Street Substation has the last remaining oil breakers and electromechanical relays on the MED system.

**Fiscal Impact** - The cost is projected in this fiscal year budget (July 2019 to June 2020).

**Recommendation** – MED's staff recommends board approval for the purchase of four 15KV 1200 Amp Vacuum breakers from ABB (ASEA, Brown, Boveri) for a total cost \$ 95,247.84 and purchase of one 46KV 1200 Amp SF6 breakers from Siemens for a cost of \$33,895.

Submitted by:   
Jackie Whitaker, Director of Operations

Reviewed and approved for Board package by:   
P. D. Mynatt, General Manager



**Allen & Hoshall**

402 BNA Drive, Building 100, Suite 208  
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November 13, 2019

Mr. Jackie Whitaker  
Murfreesboro Electric Department  
205 North Walnut  
Murfreesboro, TN 37130

**Re: Church St Substation  
46 kV Circuit Breaker Bid Evaluation**

Dear Jackie:

We have completed our review and evaluation of the 46 kV circuit breaker bids received for the Church St Substation. Bids were received from representatives of the following manufacturers:

	<u>Qty.</u>	<u>Total</u>
Siemens	1	\$ 33,895
GE/Alstom	1	\$ 33,950
ABB	1	\$ 44,510

Based on our evaluation, we recommend acceptance of the Bid in the amount of \$ 33,895 from Siemens, as the best and most responsive bid.

Should you have any questions or comments, please feel free to give me a call.

Sincerely,

**Allen & Hoshall**

Jody Cathey  
Project Manager

cc: Mr. P.D. Mynatt, MED  
Mr. Philip Lim, PE, MED  
81795.1RFile

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**Allen & Hoshall**

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www.allenhoshall.com

November 14, 2019

Mr. Jackie Whitaker  
Murfreesboro Electric Department  
205 North Walnut  
Murfreesboro, TN 37130

**Re: Church St. Substation  
15 kV Circuit Breaker Bid Evaluation**

Dear Jackie:

We have completed our review and evaluation of the 15 kV circuit breaker bids received for the Church St. Substation. Bids were received from representatives of the following manufacturers:

	<u>Qty.</u>	<u>Total</u>
Siemens	4	\$ 119,168.00
ABB	4	\$ 95,247.84

We requested clarifications from ABB which included one adder and one deduct. The clarifications reduced the original bid and are reflected in the price listed above.

Based on our evaluation and ABB's clarifications, we recommend acceptance of the Bid in the amount of \$ 95,247.84 from ABB, as the best and most responsive bid.

Should you have any questions or comments, please feel free to give me a call.

Sincerely,

**Allen & Hoshall**

Jody Cathey  
Project Manager

cc: Mr. P.D. Mynatt, MED  
Mr. Philip Lim, PE, MED  
81795.1RFile

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